Austria Sch22	Indonesia Rp3100	Portugal Esc100
Bahrain Din0.650	Israel NS3.50	S.Arabia Rls6.00
Belgium BFr48	Italy L1600	Singapore S$4.10
Canada C$1.00	Japan Y600	Spain Pta125
Cyprus C£0.75	Jordan Fils500	Sri Lanka Rup30
Denmark DKr9.00	Kuwait Fils500	Sweden SKr8.00
Egypt E£2.25	Lebanon $L125.00	Switzerland SFr2.20
Finland Fmk7.00	Luxembourg LFr48	Taiwan NT$85
France FFr6.50	Malaysia Rm4.25	Thailand Bt50
Germany DM2.20	Mexico Pes300	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong HK$12	Netherlands Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr8.00	USA $1.00

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,364 Friday October 16 1987 D 8523 A

Uruguay referendum could upset a shaky democracy, Page 4

World News

Indian move on Jaffna meets heavy resistance

At least 6,000 Indian troops including Gurkhas backed by artillery and armour were poised to launch the final attack on Tamil rebels massed for the battle in the Jaffna peninsula.

An Indian official said 79 Indian soldiers had been killed, 17 were missing and more than 280 wounded in six days of fighting in the island's north and east. He said about 380 rebels had been killed.

All India Radio said Indian forces had pushed to within one kilometre of Jaffna municipal limits. Indian forces were fighting "house-to-house" using artillery and mortar fire but could not launch a final assault because of heavy resistance, land mines and concern over civilian casualties, the report said.

Governor resigns

Ratu Sir Penaia Ganilau, Governor-General of Fiji, tendered his resignation to the Queen Elizabeth "owing to the uncertainty of the political and constitutional situation in Fiji." The Queen accepted it "with regret." Page 24

Burkina coup

A "popular front" seized power in Burkina Faso, according to an announcement on the West African country's official radio. The broadcast was heard in Ivory Coast, and was preceded by several hours of martial music.

EC warned

The EC Commission told European states they would have to co-operate to escape from a trap of sluggish growth and high unemployment and warned that they could not continue to depend on the US to buy European goods. Page 3

Bonn Unesco threat

The battle over the succession at Unesco heated up as West Germany threatened to quit the body if Mr Amadou Mahtar M'Bow, Director-General, was re-elected. Moscow officials declined to confirm Soviet support for M'Bow's candidacy.

Tibetan protest

More than 1,000 Tibetan refugees marched through Delhi protesting against what they called "China's repressive policy and violation of human rights."

Irish kidnap

A Dublin dentist, Mr John O'Grady, son-in-law of one of the richest men in Ireland, was kidnapped by four masked men. The gang were believed to be asking for a I£300,000 ($450,000) ransom.

Five-year deal

Belgium and East Germany signed a five-year economic co-operation pact on the last day of a three-day official visit to Brussels by Erich Honecker, the East German leader.

Son sacked

The Romanian Communist Youth Movement replaced Mr Nico Ceausescu as its head, prompting speculation about the future of his political career. Page 2

Palestinian fruit

Palestinian fruit may go on sale in Europe next year following reluctant Israeli agreement to permit Palestinian farmers in occupied territories to export to the EC under their own labels. Page 5

Debts cleared

The Soviet Union said it had paid off its arrears in UN contributions and was ready to pay a further $197m for peace-keeping action dating back to the Congo in the 1960s.

Sanctions support

Two thirds of black South Africans favoured sanctions as a means of bringing change to their country according to a recent opinion survey but 60 per cent did not want them if jobs were at risk. Page 5

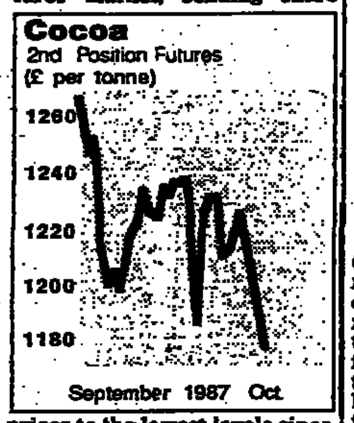
Business Summary

Merck raises earnings by 37%

MERCK, large US pharmaceuticals group and Wall Street's wonder stock, reported an unstoppable 37.3 per cent increase in net earnings for the third-quarter to $237.6m. Page 25

ROGER SEELIG, former Morgan Grenfell corporate finance director who was one of the City of London's most successful advisers on takeovers, was arrested by detectives investigating the Guinness affair. Page 24

COCOA: A fresh wave of speculative selling hit the cocoa futures market, sending share prices to the lowest levels since January 1983. The March position dipped £17.50 to £1,177.50 a tonne. Page 36



WALL STREET: The Dow Jones industrial average closed down 57.61 (the biggest two-session point decline so far) at 2,355.09. Page 48

LONDON: UK securities markets were shaken by the setback on Wall Street overnight but losses were quickly reduced when the transatlantic market turned better. At the close, the FT-SE 100 Index was 21 down at 2,301.9. and the FT Ordinary Index lost 21.8 to 1,812.9. Details, Page 48

TOKYO: A wave of selling set in after *Wall Street's overnight* plunge. The Nikkei stock average lost 218.21 to 26,428.22 in reduced volume. Page 48

GOLD fell $1.50 on the London bullion market to $465.00. In Zurich it rose to $465.75 ($460.45). Page 37

DOLLAR closed in New York at DM1.8005, Ffr6.0105, Sfr1.5, Y142.075. It fell in London to DM1.8005 (DM1.8120); to Y142.10 (Y142.65); to SFr1.4895 (SFr1.5020); and to FFr6.01 (FFr6.0350). On Bank of England figures dollar's exchange rate index fell 0.5 to 100.0. Page 37

STERLING closed in New York at $1.6625. It rose in London to $1.6645 ($1.6535); to DM2.9975 (DM2.9950); to Y236.50 (Y235.75); and to FFr10.0025 (FFr9.9800); but fell to SFr2.48 (SFr2.4825). On Bank of England figures the dollar's exchange rate rose 0.2 to 73.5. Page 37

SAATCHI & Saatchi, world's largest advertising agency, is to part company with its most famous account, the British Conservative Party, worth £4m($6.4m) in an election year. Page 12

EUROTUNNEL: Partners in the Anglo-French Channel tunnel consortium, agreed to launch a £750m($1.24bn) public offering of shares on November 16. Page 24

LOCKHEED, US west coast defence contractor which is struggling with a decline in orders, reported a 12.2 per cent fall in third-quarter earnings to $101m or $1.52 a share on a marginal increase in sales.

CONTINENTAL ILLINOIS, Chicago bank which nearly collapsed three years ago, reported a 46 per cent jump in net income to $60.1m or 24 cents a share. Page 25

COCA-COLA, leading US soft drinks company, increased its net income by 16 per cent to $271m or 72 cents a share in the third quarter from $233m or 60 cents a year earlier. Page 25

SASEA, Geneva-based investment banking group formed three years ago by a group of Italian, Norwegian and Swiss businessmen, proposes to pay its first dividend, 5 per cent, to shareholders for the 1986-87 fiscal year.

Peru uses tanks to enforce new bank law

BY BARBARA DURR IN LIMA

THE PERUVIAN Government, using tanks and teargas, has forcibly seized control of two private banks and a finance company in an attempt to enforce a new law nationalising 10 private banks and 23 credit and insurance houses.

Riot police, some firing teargas to disperse protesters, ringed the Banco de Credito, Peru's largest private commercial bank, as Economy Ministry administrators moved in, witnesses said.

President Alan Garcia proposed nationalising the private financial sector in July to give the Government control of credit and to reduce the dominance of the country's four largest private financial groups. The new law was passed by Congress last weekend and became effective on Monday.

Mr Francisco Pardo, president of the Association of Banks which bitterly opposes the law, said: "Yesterday Peru stopped being democratic. This is a serious violation of constitutional rights."

A government communique confirmed that adminstrators had taken charge of the Banco de Credito, its associated finance house, Financiera de Credito, and the smaller Banco Wiese.

The administrative committee named by the Ministry of Economy and Finance to execute the takeover was reported to have ordered the action.

Police entered the Banco Wiese by breaking through a door while firing teargas canisters and smoke bombs to disperse reporters and bystanders.

A large police contigent also led the takeover of the suburban offices of the Financiera de Credito, a finance company associated with Banco de Credito.

Lima's city centre, where the two banks are located, was cordoned off by police and the banks were under heavy police guard.

The two administrative committees in charge of the takeovers told the directors and employees of both banks to leave the premises. After consultations, the presidents of the Banco de Credito and the Banco Wiese, Mr Dionisio Romero and Mr Guillermo Wiese, agreed to abandon their banks. They promised, however, that they would fight the takeovers in the courts.

The Government also shut down the stock exchange yesterday for two days to prevent transactions in any of the companies affected by the nationalisation.

Bank employees in Lima flee police teargas bombs as the government imposes its nationalisation programme by force.

Chemical Bank raises prime rate as dollar, bonds, equities fall

BY JANET BUSH IN LONDON AND RODERICK ORAM IN NEW YORK

CHEMICAL BANK yesterday raised its prime rate to 9.75 per cent from 9.25 per cent as bond markets worldwide continued to suffer heavy losses amid fears that the intransigent US trade deficit will force the dollar lower and prompt higher official interest rates.

Other major US banks were expected to follow Chemical's lead. US banks last raised their prime rates by a half percentage point from 8.75 per cent on October 7.

News of the prime rate rise hit world securities markets just as they had begun to regain some of their composure after the steep declines that followed Wednesday's news of a $15.68bn US trade deficit in August.

Further steep falls on Wall Street in both the Treasury bond and equity markets yesterday had prompted a flurry of reassuring statements from the White House and US Federal Reserve officials which had helped markets claw back some ground.

The White House issued a statement saying US interest rates were not justified by current inflation prospects and should fall back, and Mr Manuel Johnson, Fed Vice Chairman, said the bond market's reaction to fears of higher inflation might have been exaggerated.

The Fed's intervention in the US money market yesterday had helped markets. Its addition of liquidity through overnight system repurchases had been expected, but the fact that the Fed moved an hour earlier than usual was taken as a sign that the Fed did not want market interest rates to rise any further.

However, bond and equity markets immediately started to fall again and market interest rates to rise after Chemical Bank's move, which completely undermined the impact of the Fed's action and optimistic statements from US officials. Chemical's move fuelled speculation that the Fed will eventually have to give in to market pressure for higher interest rates and raise its discount rate.

The positive tone emerging from the US authorities was in sharp contrast to remarks yesterday by Mr Karl Otto Poehl, President of the Bundesbank, West Germany's central bank.

Further underlining market fears about higher interest rates, he said the Bundesbank could not be excluded from the worldwide trend towards higher interest rates if it wanted to keep a grip on the domestic money supply.

Stewart Fleming adds from Washington: Mr James Baker, the US Treasury Secretary, lashed out at recent policy decisions which have raised West German interest rates, saying that the US did not think these moves were in accordance with the spirit of last month's economic policy consultations between the seven leading industrial countries.

Emerging from a meeting with President Ronald Reagan, Mr Baker said "the rise in rates is not of course a trend which we favour and we *do not think that*

Continued on Page 24

Soviets to soften stand on law for dissidents

By Patrick Cockburn in Moscow

THE Soviet Union plans to change or abolish two of the principal laws used against dissidents, Mr Vadim Zagladin, a senior Soviet official, said yesterday.

The two articles, 70 and 190 in the Soviet criminal code, cover anti-Soviet agitation and propaganda and defaming the state. They have been used frequently to imprison people holding dissident views.

Yesterday's statement, taken together with an amnesty announced on June 18 and the issuing of visas in recent days to a number of well-known Jewish "refuseniks," indicates that the Kremlin is now moving fast to try to defuse the human rights issue as a factor in its international relations.

Mr Zagladin, deputy head of the Communist Party's international department, speaking on an early-morning live television discussion programme with US senators and congressmen, said the articles would be changed. "We are discussing whether one of them is even needed at all," he said.

Mr Zagladin said a commission of the Supreme Soviet was likely seriously to revise article 70 of the criminal code under which people have received up to 10 years in prison or labour camp for anti-Soviet agitation and propaganda.

Speaking of article 190, under which sentences of up to three years for defaming the state have been imposed, Mr Zagladin said: "We are discussing it. There are different views but we are studying whether it is needed at all."

The turning point in the treatment of dissidents was the release last December of Dr Andrei Sakharov, the most famous Soviet dissident, from exile in

Continued on Page 24

Soviet bus plant strike, Page 3

UN chief sets new deadline for Gulf war truce

BY ANDREW GOWERS, MIDDLE EAST EDITOR, IN LONDON

THE United Nations Security Council moved yesterday to revive its flagging bid to end the Gulf war as Iran further escalated the conflict by launching a missile at an American-operated tanker in Kuwaiti territorial waters.

Mr Javier Perez de Cuellar, the UN Secretary-General, announced in New York that he had been given new instructions to resume his mediation efforts between Iran and Iraq, and that he was giving both sides until the end of the month to respond to a detailed plan involving a ceasefire and the establishment of an impartial inquiry into responsibility for the war.

It seems likely that senior ministers from Tehran and Baghdad will be invited to the UN for consultations.

His confidential mandate, while still based on an earlier Security Council resolution ordering a ceasefire, appears to be somewhat more flexible than hitherto. The hope is that this will entice Iran, which has so far refused to accept the UN's peace calls but which has been coming under intense diplomatic and military pressure to comply in recent weeks, into negotiation.

While Iraq has said it conditionally accepts the call for a formal ceasefire, Tehran's position up to now has been that it would observe only an undeclared cessation of hostilities once an inquiry panel was set up.

This has left the Security Council divided as to its next step, with some members - notably the US and Britain - pressing for the drafting of an international arms embargo against Iran and others - principally the Soviet Union, China, Japan and West Germany - arguing that more time should be allowed for negotiations.

Mr Perez de Cuellar's latest brief apparently makes no mention of an arms embargo, signalling that for the time being such a move is very much on the back burner.

In yesterday's attack, Iran fired a missile - possibly a Chinese-made Silkworm - at a Liberian-flag tanker, the 275,932-tonne Sungari, anchored at Kuwait's Mina al-Ahmadi oil terminal. The ship was set ablaze and it took five hours to douse the flames.

The incident was the first Iranian attack on a vessel inside Kuwaiti territorial waters. If a Silkworm was involved, it would also be the first time Iran had used the 1,000lb missile against Gulf shipping, although it did fire up to three Silkworms at Kuwaiti territory in early September, presumably from a missile battery Tehran is believed to have installed on the occupied Fao peninsula.

Yesterday's missile attack, which follows a long series of *Iraqi strikes* on Iranian *oil* shipping and two clashes between Iran and the US naval forces in the Gulf, came perilously close to a complex which serves as the hub of Kuwait's oil refining and exporting operations, and to four Kuwaiti tankers now flying the US flag. It was not clear whether it was aimed at either

Kuwait lodged an immediate protest with the UN about the incident. But there was no immediate response from the US.

Technically, the Sungari is owned by a Liberian-based company, OMI Sungari Transport, and operated by an American subsidiary, Ogden Marine International. It did not seem likely, therefore, that Washington would feel the need to retaliate for the Iranian attack.

Bonn rebuffs opposition from Poehl to 10% withholding tax

BY ANDREW FISHER IN FRANKFURT

MR Karl Otto Poehl, president of the West German Bundesbank, yesterday spoke out strongly against the controversial new withholding tax planned by the Bonn Government.

He said, in the central bank's first official reaction to the move, that it would weaken the international standing of West Germany as a financial centre and could considerably increase the cost of public borrowing.

In reply, the Government said it disagreed with his objections. The 10 per cent withholding tax on interest income has been agreed as part of the Government's financing for tax cuts in 1990. Yesterday, final touches were being put on the DM18bn ($9.94bn) of tax reforms designed to help finance the DM39bn of overall tax cuts planned for 1990.

Mr Poehl's critical comments on the likely effects of the withholding tax, which is expected to raise just over DM 4bn, were made in a speech in Frankfurt about the future outlook for German financial markets.

They were rejected, however, by the Finance Ministry in Bonn, which said that Mr Gerhard Stoltenberg, the Finance Minister, did not share the doubts expressed by Mr Poehl. It said eight out of 12 EC members had much higher withholding taxes.

Mr Poehl said he feared that the new tax would have the effect of raising interest rates in Germany. Yields on the bond market had already gone up, he added, although perhaps to an exaggerated extent.

Total state borrowings in Germany are about DM900bn, including the railways and post office. Mr Poehl said the effects of the new tax on the capital market could be serious, especially for the public sector.

Because foreign D-Mark Eurobonds and loans in other currencies would become more attractive to investors, Mr Poehl said there was a danger that the market would again be split, so that the state would find it more costly to raise money than foreign companies.

This was the case, he recalled, before the dropping a few years ago of the coupon tax which foreigners had to pay on interest from German domestic bonds.

"I only hope that we do not see a repeat of the curious situation where German public bodies use the D-Mark foreign loan *market by means of foreign financing companies,*" he said.

He added that the introduction of the German tax gave even more urgency to the need to harmonise capital market-related taxes, at least within the EC. This would also be in the interests of the single European market being aimed at for 1992.

Belgian Government tottering

BY TIM DICKSON IN BRUSSELS

BELGIUM'S centre-right coalition Government, unable to find a solution to its long-standing language dispute, was close to collapse last night after Mr Wilfried Martens, Prime Minister, tendered his resignation to the King.

In a move which looked like an "action replay" of events exactly a year ago, the Belgian monarch refused to accept the resignation and put his decision "into suspense," according to a *Royal Palace* spokesman.

Observers say the uncertainty could last several days - at least until the beginning of next week - as *efforts* are made behind the scenes to stave off the crisis.

Mr Martens is a master of survival who has commanded the centre of the Belgian political stage since 1979 and held the present four-party coalition together against all the odds for the past two years. He has forced through tough budgetary cutbacks in a bid to reduce Belgium's huge public sector deficit, but his economic achievement has been matched by failure to solve the language issue.

The problem centres on Mr Jose Happart, a village mayor in one of the remoter parts of the country called Les Fourons (or Voeren in Dutch), who refuses to show that he has an adequate knowledge of the official Flemish language. The commune has a majority of French speakers like himself but for political and historical reasons was transferred from Francophone Wallonia in the south to the Flemish-speaking region of Flanders to the north.

This issue has become a potent symbol of the cultural antagonism between the two regions, a rivalry which also arouses fierce political passions in the bilingual districts around Brussels.

Mr Happart's persistent refusal to accept a ruling of the *Council of State - and his equal* ability to get himself re-elected by his colleagues on the local council - has particularly infuriated Mr Martens' own Flemish-speaking Christian Democrats

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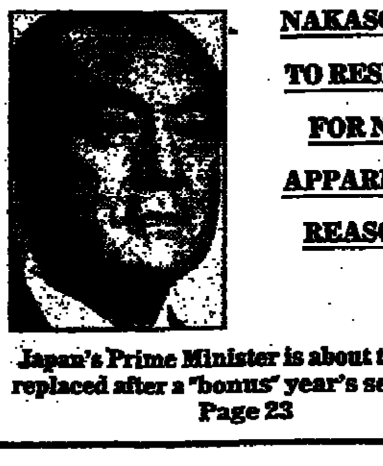


NAKASONE TO RESIGN FOR NO APPARENT REASON

Japan's Prime Minister is about to be replaced after a "bonus" year's service, Page 23

EC gives go-ahead for Portuguese industrial plan

BY DIANA SMITH IN LISBON

PORTUGAL has received European Community backing for intensive modernisation of its industry after more than a year of tough bargaining.

The Community has agreed between 1988 and 1992 to make available Ecu2bn for four purposes: infrastructure, job training, productive investment and efforts to increase productivity, modernise marketing and manufacturing techniques.

EC budget strictures have meant that the commitment of grants for Portuguese industry has for the moment to be confined to maximum use of Portugal's structural fund quotas in the European Development Fund (Feder) and the Social Fund (FSE) in 1988. The Feder will supply Portugal's maximum of Ecu 80m grants for the industrial sector.

The industry programme has taken a long time to get off the ground. The first version, submitted by the Cavaco Silva government in 1986, was over-ambitious. But ambitions were downscaled and more realistic targets set.

This week, it was agreed to get on with the programme as fast as possible, in view of the large gap between much of Portuguese manufacturing and EC averages.

About half the 1988-92 financial backing will come from Feder and the FSE: if the next EC Council of Ministers in Copenhagen agrees Portugal's fund quota will expanded to double structural fund grants.

The other half will come from loans from the European Investment Bank and New Community Instrument.

Portugal, as Europe's least wealthy member, has an Ecu700m, 10 year Agricultural Support Programme devised before accession, and destined to haul Portuguese farming out of its stagnation.

● Portugal cut key interest rates by up to one per cent on yesterday in a bid to ease credit and encourage investment, Reuter reports from Lisbon.

Mr Miguel Cadilhe, the finance minister, said the cuts – the third set this year – would come into effect on today.

"These measures will be very positive for investment and home ownership ... 1988 is going to be a good year for families and firms," he said after a cabinet meeting.

The maximum interest rate for all loans will drop to 18.50 per cent from 19.50 while the rate for time deposit savings of between six months and a year will be cut to 14 per cent from 14.50, Mr Cadilhe said.

He also said a so-called "crawling-peg" devaluation of the escudo against a basket of currencies would be slowed to 0.40 per cent a month from January against the current 0.50 per cent.

The measures were announced amid official forecasts that the economy will grow by at least four per cent this year, about the same as in 1986 and one of the highest rates in Europe.

Ceausescu's son replaced as head of youth league

BY JUDY DEMPSEY IN BELGRADE

THE ROMANIAN Communist Youth Movement has replaced Mr Nicu Ceausescu as its head, prompting speculation about the future of his political career.

During a special session of the central committee of the Union of Communist Youth, 36-year-old Mr Ceausescu, who is the son of Mr Nicolae Ceausescu, the president and party leader, was removed and 'will be entrusted with other party duties.' Mr Ion Toma has been appointed as his successor.

Mr Ceausescu has led the youth movement since 1983. It is assumed he will now automatically lose his government post as Minister of Youth Affairs. Reports from Bucharest say that he will be appointed a first secretary of a district party committee.

The president's son rose rapidly in both party and government ranks in recent years. He is a member of the party's political executive committee. At one stage there were suggestions that he was being groomed for the leadership, which is largely dominated by the Ceausescu family.

Poland criticises its Soviet airliners

By Christopher Bobinski in Warsaw

A POLISH newspaper has openly criticised the Soviet-built aircraft flown by Lot, Poland's state airline, and has called for their replacement with western airliners.

The article in the latest issue of the Przeglad Tygodniowy weekly comes after a crash by a Lot-owned Ilyushin 62M last May, and the subsequent dispute with the Soviet Union over maintenance and replacement of engines in other Ilyushins owned by Lot.

The article, however, reveals that the cost of replacing equipment found to be defective, after enhanced safety checks, and the higher fuel consumption of the aircraft mean Lot has little chance of being competitive on western routes while sticking to Soviet equipment.

"Bolts on the wings of our IL18s were found to be giving way. There were fuel leaks in our TU134s, our TU154Ms have problems with their engines, and the steering of our AN24s was found to be faulty," the article claims. "Lot doesn't have good aircraft; indeed, it doesn't have any aircraft at the moment."

Many of Lot's IL62Ms have now been grounded and in an unprecedented decision, for an eastern European airline, Lot has hired a DC8 at the cost of $2,200 an hour of flying time to keep open its North American routes.

Even a few weeks ago, it was thought that such a critical article would not be allowed to appear in the state-controlled media. The fact that it has boosts the chances of those at Lot and elsewhere arguing for the purchase of western airliners.

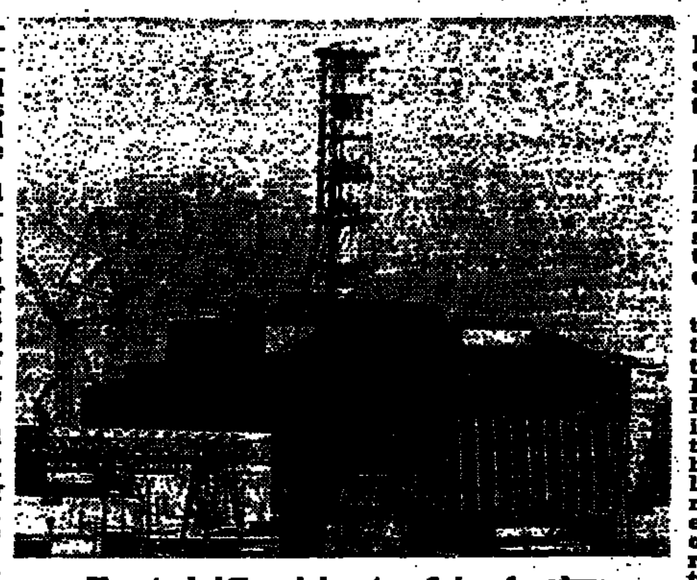
Boeing has offered to lease Lot a 767 but even were the Polish airline to get permission from the Government for the deal, technology transfer restrictions in the US would still have to be overcome.

Electricity chart

The chart in yesterday's article on West German and French electricity industries should have been entitled Electricity Generation in 1986 and not Electricity Imports.

William Dullforce reports on a swing to environmental concerns in the opinion polls

Swiss elections take on a Green tinge



The entombed Chernobyl reactor: a Swiss referendum is now planned on the use of nuclear power

THE SWISS political establishment faces its strongest challenge in 28 years in this weekend's election to the federal parliament. Yet Switzerland's image of unparalleled political stability is unlikely even to be blurred.

Opinion polls predict that all four parties in the ruling coalition - the Radicals, Socialists, Christian Democrats and People's Party - will lose seats, mainly to a combination of Green environmentalist groups with wind in their tails after the accident to the Soviet nuclear plant at Chernobyl and the polluting of the Rhine by Swiss chemicals.

When the count is announced on Sunday evening, however, the four big parties, which received more than 80 per cent of the votes to the two chambers in the 1983 election, will still be firmly entrenched in power.

In appearance, then, Swiss politics will be unchanged. The "magic formula" of 2-2-2-1 under which the four parties have shared the seven seats on the Federal Council (government) since 1959 will continue.

In reality, however, in the conservative, evolutionary Swiss style, the result can signal change. The extent of the gains made by the Greens will indicate the directions Federal policy can take over the next four years, in particular on energy and transport, areas of importance for Swiss industry and commerce.

The Swiss political system operates by osmosis. The four big parties in the centre absorb influences from the more volatile and often ephemeral political groupings around them. In this election campaign many big-party candidates have taken a more pro-environmentalist stand, by conviction or tactically to counter the Greens' appeal to their regular supporters.

Estimates of the gains the loosely allied Green group can make vary from five to as many as 20 in the 200-member National Council. Green leaders themselves more modestly hope for six or seven.

Even this would be something of a landslide in Swiss political terms. "Changes in Switzerland are millimetric, this time we might see some centimetric changes," one experienced observer commented.

In the outgoing National Council the Ecologist Party had only three members but had been joined by two other councillors to form a voting bloc of five. The three members of the Progressive Organisations (Poch), originally a Marxist-Leninist group, who formed a voting bloc with the one Communist and one autonomous Socialist, changed their spots to Green and have conducted an environmentalist campaign. In some cantons they offer joint lists with the Greens.

There is a slight possibility that this combined Green force could end up with more seats in the National Council than the weakest partner in the ruling coalition, the People's Party, which placed 23 members in the outgoing legislative. Such a development could stimulate agitation against the four-party monopoly of power.

Every four years the Swiss elect by a complicated method of proportional representation 200 members to the National Council and 46 to the Council of States, the upper chamber in which each of the 20 cantons has two seats and each of the six half-cantons one seat.

The seven members of the Federal Council are then elected jointly by the two chambers and cannot be displaced during the four-year mandate.

Tradition also dictates that federal councillors from the previous administration wanting to remain in office will be re-elected. The system is designed to ensure stability. Only two new councillors will be elected this year.

It is widely said even among the political correspondents of the many Swiss newspapers in the Federal chancellery in Berne that the quality of the Federal Council has declined in recent years. The resignations of Mr Pierre Aubert, who held the foreign affairs portfolio, and of Mr Leon Schlumpf, responsible for transport and energy, are seen as offering an opportunity for parliament to reinforce the Government with two politicians of calibre.

Disenchantment with a pallid, slow-moving Federal Council, particularly among young voters, is said to be one reason for the low turnout in federal elections. Only 48.9 per cent of the electorate voted in 1983 - and that was a small improvement.

Direct democracy is probably another reason. Voters know that most of the big issues ventilated during the election campaign will eventually be settled by national referenda.

With unemployment under 1 per cent, inflation under 2 per cent and per capita incomes the highest in Europe, there are no big economic issues. Swiss voters have told opinion pollsters that they give priority to the environment, the drugs problem, energy and pensions, in that order.

All these issues have been thoroughly ventilated in Swiss newspapers and in rather dull debates on television and radio.

Candidates themselves have raised questions about Switzerland's relationship with the European Community and its protective farm policy which is at stake in Gatt's current trade-liberalising negotiations.

They have argued over national transport policy, highlighted by a quarrel with Italy over heavy lorries transiting the Confederation and by the cutting of the St Gotthard motorway route in this summer's storms. None of these candidates' issues appear to have set the electorate afire.

The influx of refugees has not been spotlighted in public debate although this is a still smouldering issue. The right-wing National Action party, which had five seats in the last parliament, has run a campaign on the theme "1.2m foreigners (in a population of 6.3m) is enough."

In cantonal elections during the last four-year parliamentary mandate the National Action and its fellow Vigilant Party made the largest gains after the Greens.

Most emotion - if one can talk of emotion in a Swiss election - has been expended, however, on environmental matters, especially on the "death of the forests" allegedly caused by car exhaust gases, and on nuclear energy.

Switzerland has six nuclear power stations and depends on nuclear power, some imported from France, to provide 40 per cent of its electricity. After Chernobyl a moratorium was placed on new construction and a referendum is scheduled on the future of nuclear power.

After the weekend election the Swiss parliament will certainly be Greener. The Green tinge may not be bright enough, however, seriously to worry the ruling political and corporate power bloc.

Greater role urged for France in Nato

BY IAN DAVIDSON IN PARIS

DR DAVID OWEN, former leader of Britain's Social Democratic Party (SDP), yesterday called for a reform of the military command structure of Nato to enable France to participate in the forward defence of West Germany.

In addition, he urged greater nuclear co-operation between Britain and France, not only on joint steps to make their nuclear forces more effective, but also on the co-ordination of their arms control policies.

Dr Owen was speaking in Paris at a conference on "Europe and Defence," sponsored by the French Senate. The prospect of an agreement which would remove all intermediate-range nuclear forces from Europe was making it ever more important to strengthen the conventional defence of Europe, he said. He welcomed the extension of Franco-German defence co-operation, including the proposal for a Franco-German brigade and the recent joint exercises in West Germany.

"But the problems for the defence of Europe lie not where they exercised in the mountainous parts of southern Germany, where the US is strong, but in the flat North German plain where it is Western Europe's own conventional forces that are strained," said Dr Owen.

"There can be no doubt that a French commitment to the front line in northern Germany would be a massive strengthening, political as well as military, of Western Europe's defence. If there could be a contribution as well from Spain's over-large army, that would be an additional bonus."

Dr Owen saw no purpose in merely urging France and Spain to join Nato's integrated command structure: "They will not do so," he said. Nor did he support the idea that the Supreme Allied Commander of Nato (SACEUR) should be a European, since the post would have to be held by an American in time of war.

Instead, he proposed a downgrading of the significance of the role of SACEUR in peacetime, and a re-allocation of the regional commands so as to give the European members of Nato a more prominent part.

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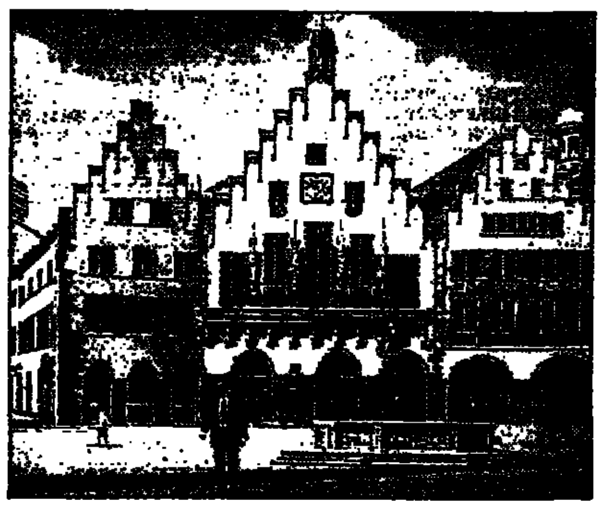

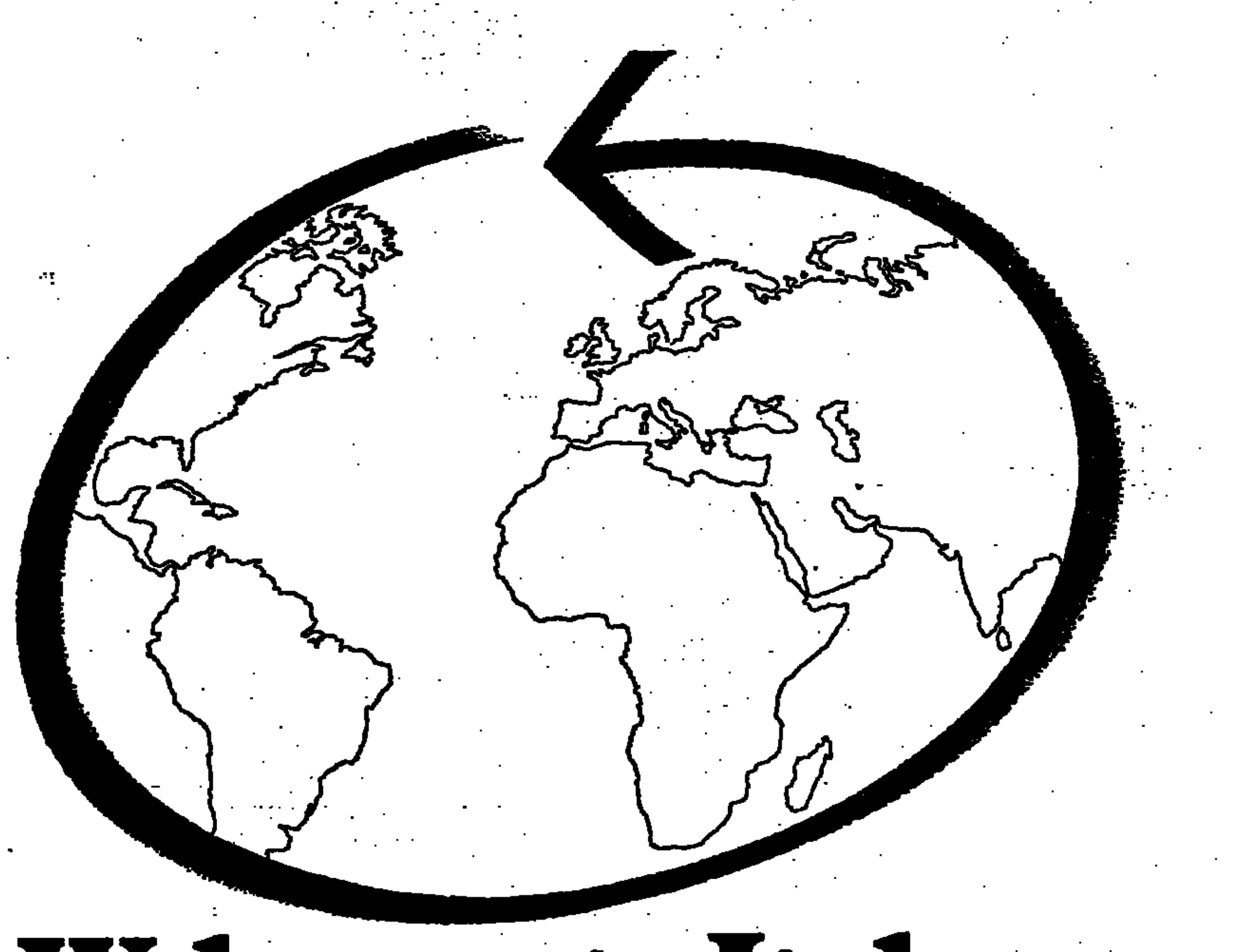

EC faces years of high unemployment, warns Commission

BY WILLIAM DAWKINS IN BRUSSELS

THE European Community will have to live with intolerably high unemployment for years unless EC governments act fast to stimulate internal growth and improve economic co-operation.

This stark warning was delivered yesterday by the European Commission in its latest annual economic report, which calls on member states to implement a co-operative growth strategy to create more employment. Such a strategy would involve a more intensive social dialogue, more rapid progress towards scrapping internal trade barriers by 1990, and moves to attract more private capital to poorer member states.

That will be the only way to escape "from the trap of slow growth extending into the medium term into which the Community seems to have fallen," claims the report, which lays notably less emphasis than in the past on expansionary economic policies.

The study contains no more specific remedies for the Community's economic ills, a shortcoming which drew criticism from some economic observers.

The EC's average growth rate has fallen from last year's 2.6 per cent to barely more than 2 per cent in the current year, where it will remain in 1988. This level of growth is just about sufficient to stabilise the unemployment rate at nearly 12 per cent - an intolerable level - says the report.

One reason for the slowdown is governments' inability to stimulate internal demand in the wake of a sudden decline in exports, it argues. EC companies' international competitiveness has been hit by the relative strengthening of Community currencies, so that the Ecu's real effective exchange rate has climbed by 20 per cent over the past two years.

To make matters worse, the EC's traditional export markets have shown practically no growth. They are expected to recover slightly, but not nearly enough to contribute to the Community's growth at a time when the EC can only look forward to a decline in domestic demand.

While differences in member states' economic performance are a perennial headache for policy-makers, the report does pinpoint a new threat. Spain, Portugal, Italy and the UK currently have growth rates of 3 per cent or more, well above the EC average. To keep their current accounts in balance, they may well be tempted to restrain internal growth if expansion remains weak among their EC trading partners - and "this would affect the whole Community," warns the report.

It calls for continued wage restraint, a gradual cut in taxes and a boost in "profitable public investment." However, the Commission fears that diverging policies on public debt between the 12 carries "serious risks" of limiting all member states' room for manoeuvre.

Here, member states have split into two clear groups: Belgium, Ireland, Italy, Greece, Portugal, Spain and the Netherlands, where the government deficit is between 5 per cent and 10 per cent of gross domestic product (GDP) and growing and the other five member states, where the budgetary situation is easier.

The danger is that countries with high public debts might stifle their own growth in their attempts to tighten up public finances, thereby harming their partners' prospects. The answer, says the Commission, is for the less-indebted governments to seek a "co-operative solution" which would "actively support growth."

The report contains clear criticisms of the economic policies of at least two member states, West Germany and the UK. It says Bonn has made "scant progress" in dismantling subsidies for industries with "no future whatsoever". The Commission also calls on West Germany to reconsider its tight rein on public spending to prevent a further decline in employment and "to avoid a slowdown in the process of renewing productive capacity."

Britain is singled out for its continued "rapid rise in per capita earnings and unit labour costs," which the Commission says is a worrying development. A long period of exchange rate stability could help to moderate wages by reducing inflationary expectations. But to achieve that, says Brussels, Britain should join the European Monetary System.

Wage curbs seen as key to growth in Sweden

By Sara Webb in Stockholm

THE SWEDISH economy can look forward to continued strong growth, increased investment and low unemployment, provided price and wage increases can be kept in check, according to the government's forecast released yesterday.

Mr Erik Asbrink, Under-Secretary of State in the Finance Department, stressed that wage increases would have to be brought under tighter control. The Government is prepared to withdraw its proposal to increase payroll taxes by 1.3 per cent next year provided a low wage agreement for 1988 can be concluded, he said.

The Government is also due to present its guidelines on wage increase ceilings for the public sector soon.

According to the forecast, economic growth is expected to be 2.8 per cent in 1987. Hourly wages will increase by just over 6 per cent while consumer prices will increase by 4 per cent (December 1986 to December 1987).

Unemployment is expected to be 2 per cent for 1987. The current account on the balance of payments is expected to fall to SKr1.9bn (£181m), from SKr6.6bn last year.

The government forecasts for 1988 and 1989 were more guarded, however. Mr Asbrink said that if hourly wage increases could be kept to 3 per cent, economic growth could be 2.3 per cent in 1988 and 2.7 per cent in 1989, with consumer prices rising by 2.9 per cent.

The balance of payments current account would be minus SKr3.5bn in 1988 and minus SKr3.8bn in 1989.

On a more pessimistic note, if wages increase by 6 per cent in 1988, economic growth would only be 2 per cent next year and 1 per cent in 1989. Consumer prices would be expected to rise by 5.4 per cent while the current account on the balance of payments would be minus SKr6.1bn next year and minus SKr11.8bn in 1989.

Opposition urges Kohl to visit East Berlin

BY DAVID MARSH AND PETER BRUCE IN BONN

THE CHAIRMAN of West Germany's opposition Social Democratic Party, Mr Hans-Jochen Vogel, has called on Chancellor Helmut Kohl to visit East Berlin when he makes his expected trip to East Germany next year.

Mr Kohl has accepted the idea of paying a return visit to East Germany following the ground-breaking trip to the Federal Republic last month by Mr Erich Honecker, the East German leader. But the issue of whether the Chancellor should go to the eastern half of the divided city, or meet Mr Honecker elsewhere in the country, is a delicate one since West Germany does not formally recognise East Berlin as the capital of the East German state.

However, in an interview with the Financial Times, Mr Vogel spoke out in favour of Mr Kohl going to East Berlin for what would be a "working visit".

Mr Honecker's reception last month in Bonn with full military honours was also carefully labelled as a "working" trip rather than a fully-fledged state visit. Although this amounted to full *de facto* recognition of Mr Honecker's credentials as leader of the East German state, it avoided head-on conflict with the West German policy that the two countries are in a state of dormant unity.

Mr Vogel said the views of the allied powers which formally run the city would have to be taken into account. But he pointed out that Mr Laurent Fabius, former Prime Minister of France, one of the signatories of the four-power agreement of Berlin in 1971, previously visited East Berlin without interfering with the city's delicate status.

The Social Democratic leader said he did not dispute the aim, set down in the federal Basic Law (provisional constitution), of maintaining the unity of the nation, even though it was split into two states.

Separately, in a Bundestag debate yesterday, Mr Kohl drew a positive picture of the state of East-West German relations. As many as 5m trips by East Germans to West Germany could be expected this year, 1m of them by people other than pensioners who are allowed more liberal travel arrangements.

Speaking in the same debate, Mr Vogel said that the SPD shared a common line with the government on some aspects of policies vis-a-vis East Germany. But he pointed out that the Kohl government's progress in relations with East Berlin marked a change from the right's policies during the last decade.

Current advances were based on agreements normalising relations with East Germany pushed through against the opposition of the right during the 1970s under the previous SPD-led government, he said.

Bonn threat to quit Unesco

By David Marsh

THE BATTLE over the succession at Unesco heated up yesterday as West Germany threatened to quit if Mr Amadou Mahtar M'Bow were re-elected director general.

Mr Lutz Stavenhagen, State Minister at the Chancellor's office, said yesterday that Mr M'Bow had followed an "imperial" policy at Unesco. He confirmed that Bonn was working energetically to support the Spaniard Mr Frederico Mayor to succeed him in his post in the final round of elections this evening.

Mr Mayor, a centre-right member of the European Parliament, is a former Education Minister and Unesco deputy director-general.

Chancellor Helmut Kohl voiced strong opposition to Mr M'Bow's campaign for re-election at Wednesday's cabinet meeting and promised "consequences" if the controversial Senegalese were to secure a third term.

West German officials yesterday pulled back from saying definitively that Bonn would quit Unesco if Mr M'Bow, who is strongly supported by African and Asian countries, were to win. Bonn's clear strategy is to hope that combined opposition from Western countries, which have all made their anti-M'Bow position clear in recent years, will be enough to push through an alternative candidate when the Unesco executive committee meets on November 7 to decide a new director general.

Poor trade figures hit French markets

BY GEORGE GRAHAM IN PARIS

FRENCH MARKETS plunged yesterday following the announcement of a large foreign trade deficit and in the wake of Wednesday's drop on Wall Street.

The trade deficit increased to FFr2.4bn (£240m) in September after seasonal adjustments, bringing the total deficit in the first nine months of the year to FFr26.2bn. In the same period of 1986, France had a trade deficit of only FFr1.8bn.

The Government announced at the same time that the rate of inflation in the 12 months to September had fallen to 3.2 per cent from 3.5 per cent the previous month, following a 0.1 per cent rise in prices last month. This relatively encouraging result did not, however, prevent French bond and equity markets from diving sharply.

The Matif, Paris's financial futures market, had to close at noon when the fall in prices exceeded the 2 per cent limit allowed in a single day.

In the stock market, prices fell by 4.4 per cent, taking the drop so far this month to nearly 10 per cent. In the money markets, the French franc fell, dragged down partly by the sliding US dollar. At the stock exchange fixing it traded at FFr3.3367 to the D-Mark, down 0.5 centimes from the previous day.

Dealers said the Bank of France had intervened in support of the French currency, even though it is still well above its central rate within the exchange rate mechanism of the European Monetary System.

The French Government sought to calm the markets, indicating that it considered the collapse of the stock market as "irrational," in view of the likely rise in corporate profits this year.

Officials said they did not believe the Government's ambitious privatisation programme had drained too much cash from the market, since most of the receipts were recycled either through the redemption of state debt or through capital grants to state companies which would otherwise have had to borrow from the market.

Mr Xavier Dupont, chairman of the Paris stock exchange, said that the market's fall was excessive, and urged investors to maintain their *sang froid*.

Finance Ministry officials have tried to prepare the markets for the worse-than-expected trade figures by vigorously attacking the "absurd" importance attached by the markets to a single month's figures.

But the sharp fall in France's trade performance had a stronger impact on the market because of the relative improvement of recent months.

France returned to a deficit of FFr800m in trade in industrial goods last month, after a surplus of FFr1.2bn in August. The surplus in cars fell sharply from FFr4bn to FFr800m, while sales of Airbus airliners were also low in the month.

●A civil servants' strike yesterday closed many schools throughout France, disrupted mail delivery but had little effect on national transport, trade union officials said, Reuter reports from Paris.

Soviet strike highlights reform problems

BY PATRICK COCKBURN IN MOSCOW

A THREE-DAY strike by workers in a Soviet bus manufacturing plant in protest at a drop in wages and longer working hours has highlighted shopfloor resistance to some aspects of the economic reforms being introduced by Mr Mikhail Gorbachev.

The strike at the plant in Likino, close to the Ural mountains, underlines resentment among many Soviet manual workers at a sharp fall in their standard of living as a result of the Kremlin's effiecency drive.

At Likino the trouble started when workers found their pay cut by Roubles 60-70 (£60-£70) a month because Gospriomka, the new state quality control organisation which started to operate in the plant a year ago, would not accept many of the buses coming off the assembly line.

Mr Alexei Negasov, a worker at the plant, told the weekly Moscow News: "The number of buses coming off the conveyor belt decreased. Instead of 33-34 a day we were making 20-25 so we were not getting our bonuses any longer. I used to make an extra 100 roubles. Everybody lost at least 60 to 70 roubles."

Even at this rate of production, Mr Negasov said the workforce had to work an extra two or three hours a day and all weekend to meet their target. Previously, the bus plant fulfilled its plan by producing vehicles which had up to 40 or 50 parts missing.

But, according to Mr Negasov, the cause of the strike was the feeling among workers, confirmed by the management, that it was impossible for them to produce vehicles of acceptable quality because of obsolete machine tools, some of which were 40 years old.

Mr Gennady Tarulenkov, the general director of the Likino bus factory, who took over after his predecessor was fired following the strike, says the problem is that the plant has needed to be re-equipped for at least 10 years. In 1981, the Ministry for the Motor Industry cancelled a plan to give the plant extra space.

According to a Gospriomka official who had worked in the factory for 30 years before being put in charge of quality control: "The factory has been producing the same model bus since June 1970 and practically nothing has changed since then. The machine tools in the compressor section are over 40 years old. How can you talk about quality in these circumstances?"

Soviet pay policy since Mr Gorbachev came to power in 1985 has been to increase differentials between manual and skilled white-collar workers and at the same time to link pay to productivity. Gospriomka ensures that productivity of reasonable quality goods is now much more closely monitored than in the past.

This policy is clearly squeezing traditional factory workers particularly in obsolescent plant with a long history of underinvestment in capital equipment. The result is an increase in social conflict, such as the Likino strike.

FT's Italian award

Alan Friedman, Financial Times correspondent in Milan, has been named Foreign Correspondent of the Year in the Premio Trento, one of Italy's major press awards, for his reporting on Italian affairs.

AMERICAN NEWS

Alfonsin repeats call for cut in debt interest rates

BY TIM COONE IN BUENOS AIRES

PRESIDENT RAUL Alfonsin has reiterated his call for a reduction in interest rates payable on Argentina's foreign debt "to at least half their present values."

The loss that this would imply to the banks, he said, should be considered a "contribution by the industrialised economies which are responsible for the present disequilibrium in interest rates."

Speaking on national television on Wednesday night, President Alfonsin reiterated that there would be no unilateral action by Argentina on the foreign debt issue.

"We shall continue negotiating, but with firmness," he said. "If we had done otherwise we would now be facing disaster."

He said the problem of the foreign debt, the fall in commodity prices and the battle over income distribution had created an "inflationary bomb in the midst of Argentine society."

Defending the package of economic measures announced earlier in the day, he said their prime objective was "to defuse the bomb." A political pact with the opposition parties, the trade unions and industrial leaders was "absolutely indispensable" to prevent a subsequent renewal of inflation.

President Alfonsin has been attempting since the beginning of the year to put together a form of "social contract" with opposition groups in which basic agreements would be reached on prices and incomes policy and future wage negotiations.

This has failed because of a lack of consensus on key issues such as the handling of the foreign debt negotiations and income distribution.

The General Confederation of Workers (CGT) announced yesterday the strike planned for today had been called off. The economic package included a 75 per cent increase in the minimum wage and a 12 per cent increase for other wage scales.

Mr Saul Ubaldini, the CGT general secretary, said however that the measures did not satisfy the needs of the workers and that he would be recommending industrial action to his executive committee when it met later this month.

Mr Antonio Cafiero, the head of the Peronist opposition, said the plan would have to be given "a couple of months" to see how it worked.

Mr Eduardo de la Fuente, the head of the Argentine Industrial Union (UIA) said: "We shall have to wait and see how the financial markets react. If (local) interest rates go down, then this will stimulate investment. If they increase, this will be very negative."

Brock confirms Dole move

THE US Secretary of Labour, Mr William E. Brock, confirmed yesterday he would resign from President Ronald Reagan's Cabinet, AP reports from Washington.

He did so in an announcement which constituted his first campaign speech for his next boss, Republican presidential hopeful Senator Robert Dole.

Mr Brock said: "This is not a decision made lightly. He is to become Mr Dole's campaign chairman on November 1 when he leaves the cabinet.

"I am deeply concerned about the enormous range and complexity of issues facing our nation," he said. "Senator Dole's extraordinary personal leadership made the decision imperative."

Mr Brock, 56, is the second cabinet official to resign to work full time on Mr Dole's drive for the Republican presidential nomination. Mr Dole's wife, Elizabeth, resigned as transportation secretary at the beginning of the month

Mr Brock is a former Republican party national chairman widely credited with rebuilding the party after the Watergate scandal during the administration of Mr Richard Nixon.

Inflation of 200% a year looms in Brazil

BY IVO DAWNAY IN RIO DE JANEIRO

INFLATION in Brazil looks likely to surge again to 9.5 per cent in October - just less than 200 per cent a year - and 15 per cent in November, according to estimates compiled by the IBGE, the official statistical service.

As the temporary price freeze imposed in June by Mr Luiz Carlos Bresser Pereira, the Finance Minister, begins to be lifted, a series of sharp increases in costs are feeding through into the economy.

When the freeze was introduced, inflation at 28 per cent in June dropped back to single figures, recording 5.68 per cent last month.

The main impetus behind the surge is believed to be rises in rents, up 35 per cent in Sao Paulo and 25 per cent in Rio de Janeiro. Other increases either agreed or imminent include petrol and alcohol fuels (30 per cent), milk (16 per cent) and telephone charges (6 per cent).

The cost of living index is provoking a wave of wage demands with many groups of workers seeking increases of more than 50 per cent. There is also pressure on interest rates with the government's base Central Bank Letter (LBC) expected to rise to 8.28 per cent this month and overnight rates nearing 12 per cent on a monthly basis.

Political and economic uncertainty is provoking mounting criticism of the administration of President Jose Sarney. In his most outspoken public statement yet, former President General Joao Figuereido warned this week that the government faced a "tidal wave" of social conflict if it failed to address critical issues.

"A government which relaunches itself every three months and which already has seven economic and administrative plans does not merit the credibility it is seeking," he said.

The warning follows a cover story in Veja, Brazil's most authoritative news magazine, voicing the opinions of Professor Mario Henrique Simonsen, the former finance and planning minister.

Prof Simonsen warned that failure to adopt free-market economics was throttling both enterprise and the country's economic survival.

"A democratic regime based on a pharasiac, spendthrift and irresponsible central machine which fortifies the state will have the same destiny as its predecessor - collapse."

US retail figures hit by big fall in car sales

US retail sales fell by 0.4 per cent in September largely due to a sharp drop in car sales, the Commerce Department said yesterday, Reuter reports from Washington.

Car dealer sales fell by 1.4 per cent last month after a 5.7 per cent surge in sales in August, the department said. September car sales were 13.2 per cent lower than one year ago, it added.

Excluding car sales, retail sales were down by only 0.1 per cent, the department said.

Declining sales could mean US consumers are curbing their appetite for imported goods. On Wednesday, the Government said the US trade deficit narrowed to $15.68bn in August, down from $16.47bn.

But the monthly deficit was larger than had been expected and the news rocked financial markets. The dollar fell in currency markets and Wall Street stocks suffered their biggest one-day loss ever.

Despite the large decline in car sales, the September retail drop was smaller than financial analysts had anticipated. Analysts had expected an 0.7 per cent drop.

The September decline in sales totalled $507m and brought sales to a seasonally adjusted $128.76bn. September sales were 0.2 per cent below year-ago levels, the department said.

US cuts back oil imports from Iran

US IMPORTS of Iranian crude oil fell sharply in August to nearly half the July level, which was more than 11 per cent of the country's total foreign oil supply, the Commerce Department said, Reuter reports from Washington.

Shipments of Iranian oil to the US fell to 353,388 barrels per day in August from 633,089 barrels in July, when they were at their highest monthly level since the 1979-81 hostage crisis, the department said in its monthly report.

Debt talks call

COSTA RICA will ask creditor banks to resume formal talks on a $1.5bn debt restructuring when it meets its advisory committee on October 22 and 23 in New York, a Costa Rican Finance Ministry official said, Reuter reports from Mexico City.

A referendum could upset a shaky democracy, Tim Coone reports

Uruguay army comes under debate

A SCORE of US soldiers were sitting around the lobby of the Colombia Palace Hotel in Montevideo, overlooking the River Plate, dressed unobtrusively in civilian clothes and drinking cooled Pilsner beers.

Their haircuts, conversation and irresistible habit of saluting each other and calling some of their number "sir," quickly gave them away as US servicemen who, it transpired, were on attachment to the Uruguayan armed forces for the latest round of the annual joint naval manoeuvres.

Outside, 150 Uruguayan soldiers paraded in formation along the seafront esplanade, automatic rifles across their chests, swinging arms and legs in rhythm to a march wheezed out by a shabby-looking military band. A hotel waiter shrugged. "They do this all the time," he said. Their presence passed almost unnoticed by the US servicemen.

The role of Uruguay's armed forces, as perceived by the US, is to lend regional support to the western powers in the event of an East-West conflict - hence the regular manoeuvres - and to protect the country from internal subversion. This was the basis of the national security doctrine adopted by all the armed forces of the region in the post-Cuban revolution scare of the early Sixties, and the basis of US military aid to the region.

In Uruguay the doctrine ultimately led to the military coup of 1973 and a dictatorship lasting 12 years. The activities of the left-wing Tupamaros guerrillas at the time were used by the military as the justification for seizing power.

The social cost of that period was tens of thousands of tortured political prisoners, the disappearance of over 200 political militants at the hands of the security forces and a legacy of mutual mistrust between the military and civilian political leaders.

The future role of the armed forces, however, continues to be a central theme of public debate. Proof of this came as the organisers of a recently launched referendum campaign to overturn a highly controversial amnesty law proudly announced the collection of over 562,000 signatures. This is sufficient to force the Government to hold a plebiscite on the issue.

Under Uruguay's constitution a referendum on any political issue has to be held if 25 per cent of the electorate petition for it.

The amnesty was pushed through Congress last December, under pressure from the armed forces who threatened to defy the civilian courts if any of their number were called upon to testify on charges of human rights abuses committed during military rule. The amnesty absolves the military officers responsible without the crimes being investigated.

The petition campaign was immediately launched by families of prisoners who had disappeared and of survivors of the torture chambers. "There can be no true democracy without justice," says Maria "Tota" Quinteros, whose daughter Elena was dragged out of the Venezuelan embassy in 1976 where she had sought asylum and refuge from security forces.

She later "disappeared," and the incident caused a nine-year rupture in diplomatic relations between Venezuela and Uruguay. Mrs Quinteros is now one of the organisers of the referendum campaign. "I cannot rest until I know for sure what happened to Elena. At times I know in my heart she is dead, but even now every time I hear the doorbell ring a hope jumps in me that it might be her," she said.

For President Julio Sanguinetti, a referendum to overturn the amnesty will threaten Uruguay's shaky democracy and he accuses those who organise the campaign of being anti-democratic and political opportunists. In a journal published last July by members of his Colorado Party he wrote: "Today we see them invoking human rights simply to gloss over the subversive action (of the Tupamaros) and at the same time weaken the forces which the state has for its defence."

Such statements please the army, but contrast with the public perception of the issue. Last month when a bank clerk recognised one of the customers she was serving as one of her former torturers, she broke down crying and screaming. The man, a former army doctor who was recently condemned by a medical ethics tribunal, left the bank hurriedly, followed by a chorus of boos and curses from other bank employees and customers.

Dr Juan Vicente Chiarino, the Minister of Defence, then produced a further howl of outrage from the public and legislators when, in denouncing the incident, he pronounced that the reaction of the public in the bank was a denial of the army doctor's human rights.

Further fuel was added to the debate on the army's role at the end of last month with the publication of a leaked document purporting to be a transcript of a meeting between the president and 219 army officers last May. During the meeting a lieutenant reportedly said to the president: "Unfailingly, one day (the Marxists) are going to get to power, even through elections, which will represent an undeniable threat to our way of life." The president said he was not in favour of proscribing Marxist-orientated parties, however. An army spokesman confirmed that the meeting had taken place.

The Communist Party, as a member of the broad-left coalition Frente Amplio, is one of the parties supporting the referendum campaign, although the organisers of the campaign point out that it has cross-party support including even members of President Sanguinetti's own party. The latest figures show that almost 40 per cent of the electorate in the capital have signed the petition, although the proportion is considerably lower in the countryside. The petition has until December to be presented and the organisers are intending to collect over 600,000 signatures to allow a wide margin of error for mistakes and duplications.

There is now a sense of inevitability about the referendum even within the Government. An editor of the Colorado Party journal said that the president has already begun preparing his campaign for a "no" vote to keep the amnesty in force. "Sanguinetti is confident he will win," he said.

The campaign organisers are equally sure of victory in the plebiscite, pointing out that six months ago the president was declaring with complete confidence that the petition campaign would fail. "The people voted against the military in a plebiscite in 1980, and they will again now," said Mrs Quinteros.

Duarte seeks continued US financial aid

BY LIONEL BARBER IN WASHINGTON

PRESIDENT Napolean Duarte of El Salvador is pressing the US during his three-day trip to Washington to continue its financial support for his strife-torn country.

The US has provided El Salvador with $2.5bn in military and economic assistance over the last six years, making it the third-largest recipient of US aid after Israel and Egypt.

In talks with President Ronald Reagan, senior US officials, and members of Congress yesterday, President Duarte is also seeking the latest views on the evolving Central American peace plan, which calls for reconciliation between governments and rebels in the region and an end to military aid to insurgents.

President Duarte held preliminary talks with leftist guerrillas earlier this month. The US is looking to President Duarte to inject a critical note into the debate on the Nicaraguan Government's compliance with the peace accords.

The Central American peace plan depends on each of the region's five member states - which also include Honduras, Guatamala and Costa Rica - carrying out reform according to a planned timetable. Should one fail, the whole package could fall apart.

President Duarte, while desperate to end an eight-year-old civil war which has claimed more than 63,000 lives, knows that he must follow Washington's lead on the peace plan.

WORLD TRADE NEWS

Plessey signs phone exchange pact with Finns

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

PLESSEY Business Systems of the UK has concluded an agreement for the distribution of its ISDX private telephone exchange by Nokia, the Finnish telecommunications and electronics group.

Nokia will have the rights to sell the Plessey equipment exclusively in Scandinavia, where the UK group believes there is significant potential to expand against the entrenched position of Ericsson of Sweden and Siemens, the West German company.

In addition, Nokia will distribute the exchange in the Soviet Union if Plessey can gain clearance to sell to Eastern bloc countries under the Cocom agreements formulated by Western governments for the export of high-technology equipment.

At present, Nokia dominates the sale of Western-designed telecommunications products to the Soviet Union, regarded as potentially one of the largest growth markets in telephone equipment over the next decade. The Finnish company supplies the Russians with both cables and small exchanges which fall outside the Cocom regulations.

Mr Ian Maclean, managing director of the Plessey Private Networks division, said yesterday that the agreement with Nokia followed rapid growth in exports of the ISDX equipment over the past three years. The exchange is now being sold in Australia, the Far East, Italy and China, and negotiations are at an advanced stage with the Chinese on a technology transfer deal which would allow the equipment to be made in China.

Plessey first established links with Nokia about five years ago, when it signed agreements on the supply of small and medium-sized digital private exchanges to the Finnish company. Sales of this equipment have expanded rapidly to more than 50 per cent of the market, Plessey said yesterday.

The ISDX is a much more powerful exchange, capable of managing very large private company networks for voice and data transmission. Since designing the ISDX, which has more than 50 per cent of the private exchange market in the UK, Plessey has sold more than 1,250,000 lines to 3,500 customers worldwide.

French to share in Indian combat aircraft design

BY JOHN ELLIOTT IN NEW DELHI

COMPANIES from France, the US, and Sweden have been chosen by India to play leading roles in the design of a light combat aircraft which India hopes to build in the early 1990s, despite extensive delays in the development programme.

Avions Marcel Dassault has signed a $10m contract with the Indian Ministry of Defence for project definition work, which involves producing an overall design for the proposed fighter. Dassault has beaten competitors such as British Aerospace, MBB of West Germany, and Grumman and Northrop of the US for this.

An agreement has also been reached by India and the US for collaboration between the US Air Force Wright Aeronautics Laboratory, which has experience developing F15 and F16 fighters, and India's Aeronautics Development Establishment of Bangalore, for work on advanced techologies for materials, components and systems.

The US has already given "export advisory" clearances to more than 10 companies such as Rockwell, Bendix, Litton, Grumman and Northrop which allow them to offer their products to India for the aircraft. The new agreement between the two governments will facilitate this co-operation.

Early this year, GE of the US beat Rolls-Royce of the UK for a contract to supply 11 engines for use in the aircraft development stage. India is designing its own engine, code-named GTX, but this is behind schedule. GE is supplying F-404 engines.

India also plans to place orders with more than one country for parts it cannot produce itself, which explains why it is spreading its collaboration agreements around several countries.

Submarine deal may mean triple accord

By David Buchan, Defence Correspondent

ANGLO-AMERICAN accords on exchange of military-related nuclear technology may have to be renegotiated into a trilateral pact embracing Canada, if the UK is to win Washington's approval for its offer to Canada of nuclear-powered submarines with certain US-designed components.

This is the judgment of UK officials and executives promoting the offer by VSEL of the UK of its Trafalgar class design for the Canadian government's programme to build 10-12 nuclear submarines at a cost of more than C$8bn (£4.2bn).

Competing for the big contract is the French government-owned Cherbourg yard with its Rubis class submarine.

The British assessment that a new three-country accord on nuclear technology transfer is both necessary and possible comes as both the UK and France follow up their hard sell.

The British need for US approval of any re-export of the US-origin nuclear fuel element design has given Washington, and particularly the Defence Department, a formal chance to express its grave misgivings about the information security and accident safety aspects of the Canadian programme.

While realising that a US veto on the key aspect of Canada's current defence policy could endanger the newly-negotiated US-Canadian trade pact, US officials voice two major concerns.

The first is that Canada will somehow compromise on safety in a programme that may be under-funded and is certainly a political football with both the Liberals and New Democrats opposed to Prime Minister Brian Mulroney's nuclear submarine ambitions.

The second is that sensitive data may leak as it is handed around industrial consortia which are to compete to maximise local content of the submarine programme.

The UK seems to have accepted Washington's point that any accident with Canadian submarines could so alarm Western publics as to endanger operation of all Western nuclear-powered submarine or surface fleets.

●Marconi Communications yesterday said it had won a $450m contract to develop with Rockwell advanced radio equipment for the US Navy.

David Dodwell reports on temporary peace in a patents dispute

Glass houses call truce in China

PILKINGTON and PPG Industries may be two glass houses used to throwing stones at each other - but in China, where the two have built large joint venture float glass plants, a truce has been called that may prove lucrative to both sides.

Even in China the temptation for these two leading world manufacturers of float glass to throw stones must have been great, particularly for Pilkington of the UK, which disputes PPG's legal right to license a technology it regards as its own.

Similarly aggravating to Pilkington is the fact that work on its joint venture plant in Shanghai began a year before the PPG plant in Shekou, near Hong Kong, yet PPG's plant began production in July - four months ahead of Pilkington's commissioning date.

"It was psychologically important to be able to say we are the first factory in China to be producing glass to international quality standards. It was a morale boost, but maybe on the bottom line it was not so important," commented a conciliatory Mr Bob Niederberger, general manager of the PPG joint venture, which includes partners from China Merchant Steam Navigation, Guangdong International Trust and Investment Corporation (Gitic), China Northern Industries (Norinco) and the Shenzhen Construction Materials Corporation.

A truce between the two in China in a long-standing dispute over PPG's adoption of technology that Pilkington claims is its own, has perhaps been inevitable. China does not recognise the patents of either, so challenges in the domestic market would get nowhere.

In the short term at least, almost all the domestic sales from the PPG joint venture, called Guangdong Float Glass (GFG), will be in the Pearl River delta region around Hong Kong, which is in the middle of a massive construction boom. Similarly, Pilkington's production is likely to be easily absorbed in Shanghai and its affluent hinterland of Jiangsu and Zhejiang provinces.

The size of China's glass market cannot be measured accurately, but it does not take long visiting factories, offices or hotels in the country to realise that flawless glass is in chronically short supply.

China has six of its own float glass manufacturers, the biggest in Qinhuangdao and Loyang, but their technology has not been able yet to meet international float glass standards.

Recognising the huge potential domestic market for high quality glass, Pilkington began talking with Peking officials in the late 1970s about a local joint venture.

When agreement was reached in 1983, a site in Shanghai was chosen by the Chinese authorities for the venture. This had some advantages - not least a nearby source of reasonably skilled labour and a river frontage that facilitated the delivery of about 4,000 tonnes of raw materials every week.

But it had one big drawback - the plant had to be built on deep mud. Shanghai, at the mouth of the Yangtze river, sits on silt built up over millennia, all of it shifting and sodden. What would normally have been a two year construction project lasted three years, with Pilkington facing a wide range of unique problems.

"It was an interesting design exercise," says Dr Terry Ginty, who heads Pilkington's operation in a joint venture that includes the Bank of China, Shanghai's Yaohua General Glass Corporation, the China Building Materials Trade Company, and the Hong Kong group UDI.

"The plant has a 15 metre basement under the glass furnace," says Dr Ginty. "This presses down into the mud, while the water wants to press up."

Construction of the plant, which has a design capacity of 195,000 tonnes a year of saleable float glass, began in September 1984 and will finish in a month's time - two months behind schedule.

Sand, limestone and dolomite have all been sourced locally, but soda ash - of which China has a chronic shortage - has to be imported from the US. This item alone will account for almost 70 per cent of raw material costs.

A boon for Pilkington has been approval to pay for this soda ash in Chinese currency. GFG has not been so lucky. It must pay in dollars for its soda ash. As a result, GFG must export about 50 per cent of its output to meet foreign exchange costs, compared with Pilkington's export commitment of 15 per cent.

Since the GFG plant is a smaller plant anyway - expected to produce 145,000 tonnes of glass a year - this means that it will be able to supply substantially less glass than Pilkington to the local market - about 75,000 tonnes compared with Pilkington's 165,000.

PPG regard Pilkington's advantage in supplying larger quantities of glass to the domestic market as a mixed blessing. True, the Chinese market is virtually untapped, but both companies agree that there is a long uphill struggle to convince Chinese users that premium quality glass should command premium prices.

"We believe we offer the highest priced product in China," says Mr Niederberger without a flicker of embarrassment, "but at these prices, we won't get rich. Prices are going to have to go up, and we must find users willing to pay for quality."

He argues that premium prices are going to be easier to obtain if GFG supplies specialised glass products, which is why about one third of total output will be bronzed glass, likely to satisfy mainland China's entire demand.

China is currently trying to boost domestic supplies of soda ash. If it succeeds, it will not only relieve PPG in its bid to balance foreign exchange, but unleash previously unimaginable opportunities for China's own glass manufacturers.

Dr Ginty at Pilkington makes no bones of the fact that a wide range of processed glass products, which tend to be highly labour intensive to manufacture, will almost certainly be produced and exported in large volumes from China.

Both Pilkington and PPG, as the only foreign glass makers operating in China, clearly hope to benefit from such developments. While they continue to throw stones at each other in courts elsewhere around the world, perhaps the enforced truce in China can bring benefits to both of them.

Rolls Royce wins £70m Australia air contract

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE has won a £70m order from Ansett World-Wide Aviation Services of Australia, the aviation leasing group, for RB-211-535E4 high-technology engines in six Boeing 757 airliners.

The value of the order to Rolls-Royce includes both initial supply of engines for the twin-engined 757s, and servicing support during their operational service.

Announcing the deal yesterday, Rolls-Royce said that the 40,000lbs thrust 535E4 had already proved itself to be one of the most reliable engines

The 535 engine has now been specified by 16 of the 21 customers for the Boeing 757 so far. Deliveries of the engines are due to start early in 1989.

● Europe's Airbus Industrie consortium announced yesterday that Somali Airlines has placed a firm order for one of its A310-300 jets and has taken an option on a second plane, AP reports from Paris.

Nissan and Ford discuss joint Spanish venture

BY TOM BURNS IN MADRID

INITIAL discussions between Nissan and Ford have been held in Tokyo aimed at manufacturing and distributing in Europe a four-wheel advanced vehicle from Nissan's plant in Barcelona, Nissan said yesterday.

The possible Barcelona venture was raised during talks between Ford's president, Mr Harold Poling, and Nissan's chief executive, Mr Yutaka Kume, in Tokyo last week. The talks were chiefly held to review plans by the two companies to build jointly a plant in North America that will manufacture vansfor commercial and leisure use.

The US company, which manufactures Fiesta cars at its plant near Valencia, has a 15 per cent share of the Spanish market and last year reported pre-tax profits up 105 per cent on 1985.

Nissan manufactures the Patrol four-wheel-drive vehicle in Barcelona.

Taiwan buying mission for Europe

By Bob King in Taipei

A Taiwanese purchasing delegation plans to buy $1.2bn worth of European goods during visits to the Netherlands, France, West Germany, and Austria starting next month.

The delegation, including officials of leading private companies and major state-owned enterprises, represents Taiwan's first government-sponsored buying trip to Europe and is designed to firm up economic ties with Europe. Goods to be purchased range from cosmetics and milk powder to instrumentation and heavy equipment.

Taiwan's foreign trade board has also compiled a list of purchasing requirements from other local companies. The list, which will be circulated to potential suppliers through Taiwan trade offices throughout Europe, brings total potential purchases to $2.6bn over the next year.

While many of the purchases have already been agreed, the greater percentage are still under consideration and will be negotiated with suppliers during the visit, from November 23 to December 13.

Included in the delegation are officials of government enterprises such as Chinese Petroleum, Taiwan Power, China Steel, and China Petrochemical. A private company, the Pacific Group, hopes to purchase items for sale in two new department stores, said to be the largest in East Asia, it plans to open shortly.

The trade board had originally put other countries, including the UK, on its itinerary, but delegation members balked at the additional time required to visit all of them. A second buying mission next year may visit countries excluded this year.

Taiwan's trade with West Germany, the UK, the Netherlands, France, Italy and Belgium reached $7.6bn in the year to September.

Japan oil plans

Japan Petroleum Exploration, which is active in overseas oil exploration, said it plans to buy US oilfields from major petroleum companies, Reuter reports from Tokyo.

The company said the semi-government company, set up in 1970 for the purpose of supplying oil to Japan, was willing to invest up to $50m.

Mr Shultz is upstaged by Miss Nudel from Moscow

BY ANDREW WHITLEY IN JERSUSALEM

LESS THAN 18 hours apart, two very different VIPs are expected to arrive at Ben Gurion International Airport. The first, due in last night, was a slight, middle-aged spinster, Miss Ida Nudel, travelling alone from Moscow.

Hard on her sensible heels Mr George Shultz, the US Secretary of State, is expected this morning from Washington on his first visit to the region since May 1985.

But which of the two the Shamir Government, and the Israeli public at large, regards as more important - and is more excited about - is not the obvious one. The advance preparations for the little old Russian lady have far overshadowed those for the plenipotentiary from Washington, ignoring the huge infusion of US aid into Israel every year and the enormous weight Mr Shultz could bring to bear on Israel to change *its policies, if he so desired.*

Last night, a full-fledged state welcome was being prepared for Miss Nudel, "mother of the Soviet refuseniks", for the moment she stepped off the executive jet lent her by Mr Armand Hammer, the oil billionaire. Arrangements for the Shultz arrival, by contrast, are being treated in a very low key.

It is not just Israelis' hunger for heroes which accounts for this difference. True, there has been a shortage in Israel lately of reasons to celebrate; and Mr Shultz's visit, for one, is not expected to bring any special comfort. On the contrary, officials

Shultz: touching bases

are hard put to explain why he is coming here at this particular moment, and what positive achievements are expected to emerge from *his two days of* talks.

Such is the impasse that US Middle East policy finds itself in at the moment that few expect any decisive moves on the Arab/Israeli front before 1989, despite all the current talk of an international conference on the subject.

Mr Shimon Peres, the Foreign Minister, has failed to muster support within Israel for the conference idea, and despite increasingly anxious calls from him for US assistance, Mr Shultz seems most unlikely to do more than go through the motions of supporting his cause in talks with Mr Yitzhak Shamir, the Prime Minister.

Bearing in mind that Mr Shultz will go on from the Middle East to Moscow, the focus Prime Minister Yitzhak Shamir would like to have in his meetings with the Secretary of State is the issue of Soviet Jewry. He said as much in an interview with the Jerusalem Post earlier this week. "We must demand of the Soviet Union that they allow any Jew the right to come on aliya (emigrate) to Israel, and to view it as a problem of Jewish nationality," he thundered.

For his part, over the next few days Mr Shultz will be touching base with the key regional allies of the US: Israel, Jordan, Egypt and Saudi Arabia. Until recently, he had insisted that he would visit the region only if his appearance would bring Arab-Israeli peace talks a "significant step" forward, and he was dissuaded from going to Israel earlier this year - when there was arguably *more momentum* behind the international conference idea - by an envoy from Mr Shamir. With American attention focused pre-eminently on the Gulf, US officials are now busily playing down expectations of immediate progress on the Arab-Israel issue.

The conference proposal is sure to be raised repeatedly by Mr Shultz's Arab interlocutors. But even before the latest broadside from Mr Shamir against the idea this week, the US envoy's resigned response could have been forecast with confidence: "What can we do while that intransigent old so-and-so is still in office?"

Saudis set to question arms policy

By Lionel Barber in Washington

MR GEORGE SHULTZ, US Secretary of State, faces a delicate *diplomatic task* when he visits Saudi Arabia during this week's whistle-stop tour of the Middle East.

He will have to explain why the US has watered down a $1bn arms sale to the Saudis at the very time when their Arab ally is co-operating with the American naval force in the Gulf against Iran.

Last week, the White House notified Congress that it was withdrawing plans to sell 1,600 Maverick anti-tank missiles at a cost of $360m. The climbdown came in the face of sustained objections from pro-Israeli members of Congress who said Saudi Arabia could use the weapons in a future Arab-Israeli conflict, rather than against a belligerent Iran.

The remaining $1bn of arms sales includes 12 F-15C and F-15D jet fighters, electronic support for the F-15s, M-60 tanks, and other artillery equipment. But the 12 F-15s will remain in the US, to be supplied to the Saudis only as replacements for existing aircraft.

Congress has not approved a big US arms sale to the Arab states since the Awacs surveillance aircraft sale to the Saudis in 1981, which is partly a tribute to the influence of the pro-Israel lobbyists.

Richard Gourlay reports on a challenge by Filipino trade unions

Manila suffers the strike jitters

THIS WEEK radical and moderate Philippine trade unions are challenging President Corazon *Aquino's policy on minimum* wages through general strikes. The threats are enough to keep jittery businessmen and government officials jumping - two days after the last show of labour strength during a general strike on August 26, rebellious army officers nearly toppled Mrs Aquino in a coup.

Radical unions led by the Kilusang Mayo Uno (KMU), tried to cripple the capital's transport sector, with only limited success but companies throughout Manila's manufacturing sector were hit. Today the moderate Trade Unions Congress of the Philippines with its much larger membership has announced it will stage a "stay-at-home" with no demonstrations or pickets designed to show the depth of support for the pay increase. The militant unions will join that strike as well.

The issue is ostensibly about pay. Radical and moderate unions have demanded a 10 pesos-a-day (30p) across the board increase for public and private employees which would be the first legislated increase in pay since the minimum wage was raised in 1984. Mrs Aquino has offered much less: 8 pesos a day increase in the minimum wage, equivalent to a 25 per cent increase from 32 pesos a day. The demonstrations in August forced Mrs Aquino to halve a necessary but badly-handled increase in fuel prices.

However, the strike call is not *just about money. Before the* strike, Mr Franklin Drilon, the Secretary of Labour, made his strongest attack on organised labour since taking office. "Certain groups are out to replace democracy by stirring agitation among workers' ranks," he told a labour conference.

> 'Certain groups are out to replace democracy by stirring agitation among workers' ranks'

His comments were met with an audible sigh of relief from many businessmen. Even if political stability is restored, these potential investors say, the capital needed to sustain the economic recovery that has been sparked by consumer lending will simply go elsewhere unless there is a stable labour force.

A number of recent cases explain the sort of labour unrest that makes some businessmen say the sector is in turmoil. Last week, while Citibank was closed by pickets during a strike over union recognition for contract workers, an explosion, which management says was caused by a professionally-*placed bomb, destroyed part of* the bank's head office.

Two weeks earlier, 50 managers of Hong Kong Bank in Manila were locked into their offices for two days by pickets who refused to allow them to leave. The picket was illegal as no strike had been called. The Department of Labour did nothing to clear the picket line and the deadlock was only resolved when Mrs Aquino stepped in to order the mayor of Manila's business district to intervene.

Political agitation on the picket line is also increasingly worrying businessmen. For instance pickets outside Nestle Philippines, whose operations have been shut down for four weeks, carry placards saying "down with imperialism" and other slogans against capitalism, according to a company spokesman.

Some politicians and the military believe there are links between the radical unions, like the KMU, and the Communist Party of the Philippines, whose military arm has fought an insurgency against the government for 19 years. It is a view shared by the moderate unions.

"Our action is limited to economic gains whereas the KMU has a hidden aganda," according to Mr Sedrick Bagtas, the assistant deputy secretary general of the Trade Union Congress of the Philippines (TUCP). The TUCP has 1.5m members while the more active and more radi*cal KMU has less than 200,000* members. Only 2.5m of the country's 7m employees belong to unions, according to the Government.

Until last week when Mr Drilon hit out against the assault on democracy, the Department of Labour has said that businessmen are exaggerating the threat and also pointed to the sharply lower strike figures this year compared to 1986.

Many managers are most perplexed that although the labour laws are clear, the Government is not applying them. For instance Nestle's Mr Velasquez says: "Everything the strikers have done is illegal. No strike notice; no strike vote. They barricaded the premises. So far the Government has done nothing on our case." However, if the Department of Labour applied the law it would have to depute the military to break up strikes and picket lines, a move Mr Drilon has not been prepared to authorise.

Whether this week's strikes end in a rise in minimum wages or an across the board pay rise, Mr Drilon will remain under attack. Many non-unionised employees are paid considerably less than the minimum wage, especially in the so-called sweat shops and the Department of Labour has done little to apply the law here either.

Indians, Tamils mass for battle to take control of Jaffna City

BY OUR FOREIGN STAFF

INDIAN troops and Tamil guerrillas were massing their forces last night for what is expected to be a final bitter battle for control of Jaffna City, the Tamil stronghold in northern Sri Lanka.

Thousands of Indian troops, including Gurkhas backed by artillery and armour, were poised to attack the Tamil rebels whose leaders had called them to mass for the battle.

Journalists have been barred from the battle area and it was impossible to confirm reports of casualties. All official statements have been coming from the Indian High Commission in Colombo.

As the battle enters its sixth day, however, it is becoming clear that Indian forces have been encountering much greater difficulties in making advances than their official statements have admitted. At least 58 Indian soldiers and 250 Tamils are reported killed.

One report said that five captured Indian soldiers had been burned alive by rebels who hung flaming car tyres around their necks. Mr Velupillai Prabhakaran, the Tamil Tiger leader, was alleged to have said in an intercepted radio message that his men were "frying the Indians."

About 6,000 Indian troops backed by tanks and armoured personnel carriers were regrouping on the city outskirts to attack the Tigers after pounding the city with mortars and artillery to soften its defences.

India has estimated that there are about 2,500 armed Tamil Tigers in the north and an unknown number of "helpers."

The Tamils have been launching attacks in the eastern province, which some analysts say is to create a diversion from the crisis in the north and prevent the Indians massing all their forces in Jaffna.

At least 20 Indian soldiers were reported to have been killed by a landmine in Batticaloa in the east yesterday and in Trincomalee officials said rebels attacked a truckload of Sinhalese refugees, killing 10.

Indian troops launched their Jaffna offensive last Saturday after the Tigers in a series of attacks killed more than 200 Sinhalese in retaliation for the suicide of 15 Tamils in government custody.

India, with a large Tamil population of its own, signed a pact with Sri Lanka on July 29 aimed at ending a four-year war between minority Tamils fighting for an independent homeland and the government of the Sinhalese-dominated island.

Mr Ronnie de Mel, the Sri Lankan Finance Minister, warned last night that the World Bank and aid donor countries would help to restore Sri Lanka's economy only after peace was restored on the island.

"We can write off Sri Lanka if law and order is not restored in the next six months," he said.

Nicholas Woodsworth reports on a company which is pioneering the marketing of appropriate technology to West African farmers

Putting a heritage to work

WHEN IT COMES to his southern heritage, soft-spoken Mississippian David Ray can only be ironic. Last century his plantation-owning ancestors had one great concern: that their West African slaves would produce as much from the soil as possible. More than one hundred years later, Ray is still obsessed with crop production and Africans. However, quite a few things - not the least of them technological - have changed.

Ray is vice-president of a company which is pioneering the marketing of appropriate technology to small farmers in West Africa. A former plantation owner trained in agro-economics, he and a black American partner last year founded the New Horizons Export Trading Corporation. Located in the economic capital of Abidjan in the Ivory Coast, the company is one of the first in Africa to involve itself in appropriate technology transfer on a profit-making basis.

Western agricultural firms exporting to Africa generally find their markets in supplying large-scale commodity industries such as coffee, cocoa, rubber and palm oil. New Horizons, however, is convinced there is a substantial market in working with small cultivators of food crops who so far have been overlooked.

Such an approach now receives much more encouragement from third world governments than it used to. With international markets at all-time lows, it is the export-based economies that are realising most quickly the danger of total dependence on commodities.

Even the Ivory Coast, which built what is regarded as black Africa's most successful economy on foreign investment and cocoa and coffee exports, is recognising the value of agricultural self- sufficiency. Heavily indebted and having to pay for food imports with hard currency, like many other countries it has recently called for intensive crop diversification programmes.

But attacking the largely untapped market of millions of African small farmers - there are 2m farmers and 8,000 agricultural co-operatives in the Ivory Coast alone - is a specialised business.

"Lack of appropriate mechanisation, irrigation and new seed hybreds is holding production back," says Ray. "Most African farmers today are still using the traditional hand-hoe and machete as their only tools."

> Even the Ivory Coast, with a largely commodity-based economy, sees the value of agricultural self-sufficiency

In view of this, the high-tech approach adopted by public sector aid projects in the past is not one New Horizons will consider. Price alone puts it out of reach of the small farmer. And while the larger farmer may be able to afford to buy more expensive and sophisticated machinery, maintenance problems have often led to disaster.

After more than a year and a half of careful product research, New Horizons chose to market technologically appropriate items manufactured by 22 American firms. While they vary from the simplest garden tool to the latest scientific innovation, all were chosen for their suitability to West African conditions.

Strict criteria were applied, including: low purchase price relative to cost of machines of similar function; low running and maintainance costs; high technical efficiency and reliability; ease of repair by local personnel using available materials.

Among the pieces of equipment marketed by New Horizons are:

- A portable water well drilling rig, capable of drilling to a depth of 60m in a day. This machine can be carried to inaccessible drilling sites on a man's back and provides a well suitable for field irrigation or as a drinking water supply. The rig retails for less than $5,000 (£3,030) and makes it possible to drill a well for less than $300. By drilling 50 wells in one year, an entrepreneur would realise profits three times the size of his purchase investment.

- Two-wheel "walk-behind" tractor. With 20 different front-mounted, gear-driven attachments, this motor tiller can clear heavy undergrowth and perform all field operations preliminary to seeding. It can plough up to one hectare per day. A relatively low purchase price means that it can become the primary tool of a single farmer or small agricultural co-op.

- Seventeen-horsepower "sit-on" tractor. Because its simple engine, transmission and drive train are externally mounted, a problem can be seen and repaired on the spot without sophisticated tools. If necessary, the motor can be unbolted and carried to a repair site. New Horizons is seeking to have the machine made under licence in the Ivory Coast, cutting the price to less than half that of a comparable machine.

- Wind-powered water pump. This suits the savannah regions of Africa where there is no electricity but plenty of wind. Powered by a wind turbine that pipes air pressure down a well hole to force water up, the Homesteader has few moving parts. Unlike conventional windmills, the turbine can be mounted on high ground up to a quarter of a mile away from the bore hole and can also pump water from an open stream or pond. The company claims that it has double the pumping capacity and costs $1,000 less than any other wind-operated pump sold in West Africa.

- Solar-powered pumps. These can be ordered as custom-made packages for individual needs. Virtually maintainance-free, they employ the latest design of brushless electric motor and photo-voltaic panels guaranteed for 10 years. Add-on panel capacity allows the energy supply to be increased. Operating from sunrise to sunset, a solar pump can provide four times as much water as two conventional footpumps operated 24 hours a day.

Convincing farmers of the value of this equipment has not been a problem - enormous interest has been shown during village demonstrations by 20 New Horizons employees. The greatest obstacle that the company has encountered has been scepticism on the part of potential dealers.

"We want to loosen the stranglehold the Lebanese and French business communities have on the West African farmer. They're selling them what they don't need or can't buy," says Ray. "We are therefore trying to find Africans, who know farming people and their problems, to set up their own dealerships. But often these businessmen are more impressed by giant tractors than four-horsepower motor tillers. They are not sure that little machines can bring in big profits, or any profits at all."

Ray, however, believes otherwise. While the dent he has made in the Ivory Coast market is still relatively small, he is already laying out marketing strategies for neighbouring countries.

Old hands might say that these are big plans for a continent that has seen many a project based on foreign know-how come to grief. But Ray does not consider himself a total stranger to African ways. "I know what West Africans did in Mississippi without any personal gain or machinery at all," he says. "The incentive is here. If Africa wants to feed itself, and is allowed to, it will."

Exploration via a less explosive route

BY GEOFFREY CHARLISH

A MORE efficient and environmentally acceptable way of carrying out seismic testing on land is nearly ready for commercialisation at the Sandia National Laboratories in Albuquerque, New Mexico, in the US.

Seismic testing is a necessary, initial part of the exploration for new oil and natural gas sources and involves the local projection of low frequency vibrations through the subsurface of the earth. The vibrations are picked up by carefully placed geophones (basically microphones), the electrical outputs of which can be used to produce a "picture" of the strata and indicate the prospects for successful drilling in the area.

To date, either explosive charges or surface "thumpers" have been used to obtain the low frequencies needed, but these can cause annoyance and possible danger to property if the tests have to be carried out in the middle of a crowded city. They are also defficient technically, since the test signal only lasts for the duration of the explosion.

The Sandia team has developed a device which continuously generates the 1Hz to 300Hz band of frequencies needed for the tests. It comprises a single-cylinder compressed air engine, in which the speed and stroke of the three-inch diameter piston can be adjusted to alter the vibrations produced by the engine. The machine is contained in a five-inch diameter cylinder which has expanding radial clamps to fix it in the bore hole and transmit the vibrations.

Operating up to a mile down, the Sandia system is more effective than surface devices in sending the test waves through the areas under investigation to surface geophones. Initial tests of the prototype look promising.

Fresh move on memory

SONY, the Japanese electronics company, has announced that it expects to begin commercial production next autumn of a special semiconductor memory chip, which can store 1m bits of information (about 125,000 characters).

The chip is called a static random access memory (SRAM). Chips of this type are expected to play a big part in the development of equipment for the emerging office automation market because they do not have to be electronically "refreshed" like standard dynamic random access memory (DRAM) chips. One-million-bit DRAMs have been available for some time.

Sony, Hitachi, Mitsubishi and Toshiba have been collaborating on the 1m-bit chip since last February. US companies like IDT and Cypress have had 256,000-bit SRAMs available for some months, although the world's fastest SRAM has been developed by the UK firm, Inmos. As yet, there is no indication how fast the new Sony chip will be.

The market for SRAMs has stabilised after a period when prices fell sharply. Customers are emphasising quality and reliability over price.

Alan Cane

WORTH WATCHING

Edited by Geoffrey Charlish

The taming of mustard

MUSTARD IS about to lose its bite at RHM Ingredient Supplies of Leeds, part of the Ranks Hovis McDougall group. Food scientists there have discovered that if the mustard's sting is removed by chemically de-activating the enzyme responsible, the resulting substance can be used to improve the texture of many convenience foods.

According to product manager Kathleen Monk, the pacified mustard can perform many of the roles normally assigned to E-numbered artificial additives. She says: "Its use in premixed sauces and gravies imparts a creamy home-made appearance and stops solids separating out. It acts as a natural texturiser giving body to mayonnaise and salad creams and it has a vital role as an emulsifying agent in pies, burgers and sausages."

Saving heat from the drain

LESS ENERGY will be lost down the drains of industrial and domestic premises, according to Raychem, the US-based materials specialist, if its heating tape is wrapped round hot water service pipes before the insulation is applied.

Pipes between hot water tanks and taps remain full after use, but the water cools down and will be run off as waste by the next user as he waits for it to run hot again.

Savings can be made, says Raychem, by applying just enough heat to keep up the temperature of the water so that it is used next time. The company makes a tape which, connected to the electrical mains, is able to regulate itself to produce a specific temperature. Thus, no more electricity than necessary is consumed.

Known as HWAT, the tape has a resistive core between two wires. The core expands when the temperature rises, increasing the resistance and cutting the current.

Better shield for circuits

SHIPLEY EUROPE, of Coventry in the UK, is offering an improved means of shielding electronic equipment to help prevent the illegal picking up of signals from its circuits. It also ensures that these circuits do not generate faults as a result of interfering electromagnetic pulses.

The Shipley process chemically coats the surfaces of the plastic equipment cabinet with uniform deposits of copper and nickel. It is claimed this gives a 40 decibel reduction of signal transmission compared with existing methods. IBM uses the process for shielding computer enclosures.

CONTACTS: RHM Ingredient Supplies: UK, 0532 480040. Raychem: UK plant: 0793 482138. Shipley Europe: 0203 457203.

Young managers

The difficult art of prophecy

Michael Skapinker talks to some 'leaders of tomorrow' about reactions to their recent report on the shape of British industry in the 21st century

THE 2010 Group, a team of up-and-coming young managers assembled by the Confederation of British Industry, learned a hard lesson last week about the way the UK press works.

The lesson was that if you write a thoughtful report appealing for greater team spirit in British industry, and then also call on companies to take their senior managers' cars and dining rooms away, it will be the bit about cars and dining rooms that grabs the headlines.

Fiona Gilmore, managing director of design consultancy Michael Peters and Partners and one of the authors of the report, says she resented the group being referred to as Yuppies by at least one tabloid, although she could see the funny side of registering her objection from a mobile phone in her car. (The phone, *she hastens to point out,* is available to anyone in her company who needs it.)

What hurt many of her colleagues even more were allegations in the quality press that the group - set up in May last year to chart a path for British industry into the next century - had not come up with anything very substantial.

The 20-managers, all under 35 years old, came from a wide cross section of British industry and also included a teacher and a businessman-farmer. They were chosen because their present employers regard them as the leaders of tomorrow.

Their brief from the CBI was certainly formidable: "Study the trends which will shape the social and economic environment, both in the UK and worldwide, as we move into the 21st century; define the role which the UK should play in the world economy in that period, and identify what needs to be done between now and the year 2010 to prepare us for such a role."

To what extent did they achieve this goal? The group's Programme for Action, although long on rhetoric, does contain a handful of concrete proposals. One is that employees should have as much of a right to training and development as they do to a holiday.

"It should be set out in the conditions of work. Perhaps every employee should be entitled to two weeks of training a year," says Mark Nicolson, a manager in the corporate division of Barclays Bank and the chairman of the group. If there is no specifically job-related training available, employees should be able to pursue other recognised courses of study, he says.

The group also called for redundancy payments to be scrapped "and replaced by a re-employment grant for training and setting up a business. Enterprises should concentrate on assisting ex-employees to equip themselves for new jobs; that is their true responsibility. Subsistence for those out of work should remain the province of the state."

The remaining proposals, while perhaps valuable, are not particularly remarkable: employees must be encouraged to own shares in their companies; marketing literature should be translated into all European languages; foreign trade publications should be collected and analysed; and British schools should follow a national curriculum, with an emphasis on science and technology, basic business principles and a foreign language.

However much they may resent the attention it received, their attack on such perks as company cars is easily the most striking part of their report. There is not much about the trends that will shape the world and the UK into the next century.

Some in the group regret that, but they point out that there is no real reason why a group of managers from such diverse backgrounds should have been able to reach agreement on a wide range of issues simply because they were all under 35. "The only thing we had in common is that we were young people in middle management," says Mark Nicolson.

Politically, says Graham Mills, a manager at British Telecom, "we ranged from people to the right of the current Thatcher government to those occupying the middle ground of politics."

Fiona Gilmore says that the group had arguments, "some of them quite heated over the future of government policy. That's why I think in our report we've really avoided taking up government policy issues, because of the problems of getting consensus from 20 people of different political backgrounds. We chose not to address certain issues."

To Charles Hudson, the farmer and small businessman in the group, many of the others "seemed to come from huge corporations and seemed to be insulated, because of their size, from the rigours of venture enterprise."

John Talbot, a manager in the Electricity Council's corporate development department, says: "I had a very hard time making the case for nuclear power. There was nothing on nuclear energy as such in our report, although in the interim report we did say that industry shouldn't be hampered by energy costs greater than those overseas.

"We also had a very large debate on the nature of research, how much we ought to be spending on research and whether we spend too much on military research. In the end we said very little about research, although it occupied a lot of our time."

Given the wide range of views in the group, it is perhaps significant that the one thing Britain's future business leaders did all agree on was the need for companies to be less hierarchical and more democratic. Although corporate status symbols like company cars were unimportant in themselves, the group thought they set up the kind of class barrier which many employees felt unable to cross.

Richard Hooke, assistant to Sir Raymond Lygo, chief executive of British Aerospace, says he found the unanimous endorsement of egalitarianism in companies surprising, "given the backgrounds of the individuals in the group. A lot of the people were from public schools and had gone through Oxford and Cambridge. The popular perception of that background doesn't fit in with the kind of views in the report."

So can Britain expect its organisations suddenly to begin abandoning their divisive perks in 15 or 20 years' time, when the members of the 2010 Group move into the chief executives office? Or will they have lost the idealism and enthusiasm of their youth by then?

"I do think that people change as they get older," concedes the Electricity Council's John Talbot. "I'm sure that our present captains of industry were once fairly similar to us. I think if there is a reason for optimism, it is that having been given this task and having occupied our minds with these thoughts I think they will stay with us."

But what are the group doing in the mean time? Many of them have company cars of their own and some who don't, like John Talbot, joke that they are working on getting one. If they feel so strongly about cars, why don't they return them?

"It would have no effect," says BT's Graham Mills. "It would be a personal statement that might get two ticks of publicity within the organisation and then would be forgotten and ignored. One person alone among the management structure in one location is not going to make any difference."

One person who thinks he can make a difference is Richard Hooke. When he was the Resources Manager for British Aerospace at Weybridge and Kingston, he supervised the bulldozing of a canteen building and reduced the number of dining facilities from six to two. Senior executive still have their own dining room, but that, too, is due to go over the next year.

"I'm not sure if I would have had the confidence to do it if I hadn't been in the group," he says.

One member of the CBI's 2010 Group, Fiona Gilmore, was upset at the group being described as Yuppies in one tabloid newspaper. Richard Hooke was surprised by the egalitarianism of the members given the backgrounds of individuals of the group - many had attended public schools and had gone on to either Oxford or Cambridge university

British executives: too often lost for words

"WE HAVE TO be able to compete internationally" is a phrase which trips easily off the tongues of modern British managers. Unfortunately, few of them can say it in any language other than English.

Only 18 per cent of executive directors of leading British companies speak a foreign language fluently, according to a survey conducted by the Ambrosetti Consulting Group. Non-executive directors have a slightly higher degree of linguistic proficiency; 29 percent of them speak a second language.

The consulting group, which surveyed the top 200 UK-owned companies, said that it was not just language difficulties which hampered the international competitiveness of British companies. Many of the directors in the sample, which excluded financial institutions, had little experience of business outside the UK. Nearly half the executive directors had no international experience at all, either through working abroad or directing international operations in their companies. Almost one in ten of the companies questioned had no directors with international experience.

The survey - which is not yet publicly available - also found that few of the companies had done much to broaden their international outlook by inviting foreigners to sit on their boards. Although over half the companies surveyed did have some foreign representation on their boards, the total number of non-British directors was still small.

Ninety-two per cent of the main board executive directors in the sample and 90 per cent of the non-executive directors were British. The remainder were almost all from predominantly English-speaking countries such as the United States, Canada, Australia, New Zealand and South Africa. Only 1 per cent of the executive directors and 3 per cent of the non-executive directors were from continental Europe.

One piece of good news from the survey is that many of the directors do at least have experience of other British companies. Ninety-one per cent of the non-executive directors surveyed said they were also non-executive directors of other companies. Forty-two per cent of the executive directors also sit on boards other than their own.

Michael Skapinker

Management abstracts

Marketing in UK retailing, *N. Piercy in Retail & Distribution Management (UK). May/June 87, 5 pages.*

Working from a survey of the marketing function and organisation, examines the role of the marketing department in retailing and outlines its size and status. Analyses the part played by chief marketing executives, tabulating their responsibilities, with marketing research heading the list. Reviews the different types of marketing department to be found - for instance, is it services oriented? Studies relationships with suppliers.

Reap the just rewards of energy conservation, *R. Holder in Works Management (UK). June 87, 3 pages.*

Describes how Massey-Ferguson planned and implemented a five-year energy conservation programme at its Manchester parts depot, concentrating on reducing heat loss and excessive lighting load. Mentions the acquisition of a computerised energy management system, and the introduction of zonal lighting and heating controls. Claims an annual 66 per cent reduction in heating bills (£460,000) for a capital investment of £600,000.

University/industry symbiosis, *A.J. Reynolds in Training Officer (UK). May 87, 1½ pages.*

Notes the realisation by Babcock Power that a probable continuing shortage of entrants to the engineering profession demanded making the best use of those who had already joined it; reports how it set up, with Brunel University, an MSc course, solely for Babcock technical employees with a first degree and substantial responsibility, as the centrepiece of its management development programme.

Stimulating and managing ideas, *W.E. Souder in Research Management (US). May/June 87, 5 pages.*

From a survey of 50 of the largest US companies, presents various situations in which research managers can stimulate the generation of "high-quality ideas" from their staffs, covering sabbaticals, awards and job rotation; examines how to handle ideas being generated, for instance, by means of an "ideas inventory."

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+p: cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

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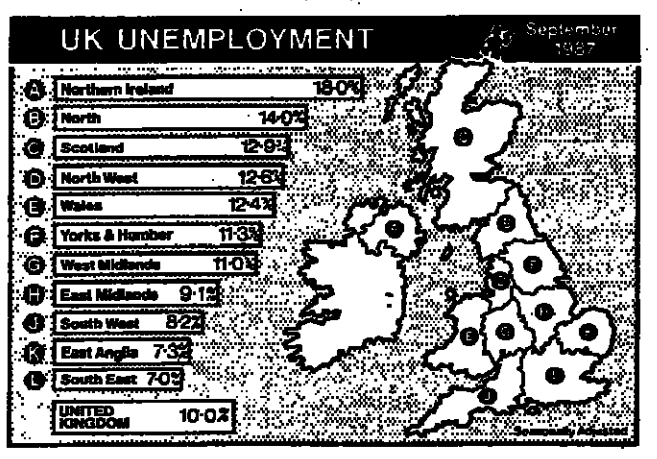
CONTROL DATA

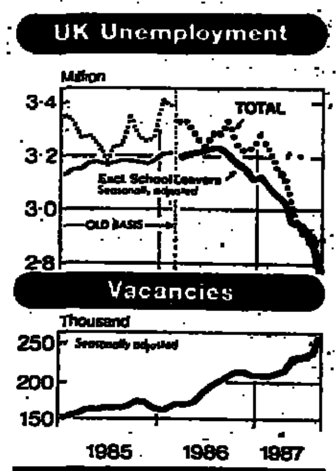
UK NEWS

OUTLOOK FOR JOBS BEST FOR A DECADE, SAYS MINISTER

Unemployment dips to 5-year low

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT





BRITAIN'S unemployment total fell last month to its lowest level since 1982. Mr Norman Fowler, Employment Secretary, said that the outlook for the unemployed was now the best for a decade.

The favourable impact on the labour market of the sharp acceleration in economic growth this year was also reflected in a strong rise the number of people in employment.

Mr Fowler said that, in particular, there had been a "remarkable improvement" in job prospects for young people.

Yesterday's news from the Department of the Employment reinforced the picture of a buoyant economy provided earlier this week by figures showing that manufacturing output is now rising by an annual rate of between 5 and 5½ per cent.

The Department said that its seasonally-adjusted count of benefit claimants fell by 54,000 in September to stand at 2.775m.

The decline marked a further acceleration in the downward trend seen since the middle of last year.

In parallel, there was another steep rise in the number of vancancies reported to job centres. The total of 295,000 vacancies on offer in September was over 20 per cent higher than a year earlier.

In a unusually lengthy statement accompanying the figures, Mr Fowler said that there were now fewer jobless school-leavers than at any time since 1974 - a reflection of both the extension of the Youth Training Scheme and a more general buoyancy in the labour market.

There had also been a record fall in the number of long-term unemployed, although further reductions remained both a major challenge and a priority for the Government.

He gave a warning, however, that prospects for the future would be threatened by excessive wage settlements.

Mr Michael Meacher, Labour's employment spokesman, said that he welcomed the latest fall in the figures, but he feared it was not based on firm foundations.

"A steady increase in employment cannot be sustained by a short-lived consumer credit boom," he said. At the same time the number of young people on the unemployment register would double overnight if it were not for special schemes which were clearly not leading to jobs.

"The credit boom has doubled people's reliance on debts since 1979," he added.

"But manufacturing, research and development and training, on which long-term growth depends, have all fallen over the same period."

The rise in the number of people in work, which amounted to 134,000 in the second quarter of this year, reflects a slowdown in the pace of job losses in manufacturing and continuing strong rises in employment in service industries.

A rise of more than 1.3m jobs in the economy since 1983 means that the employed labour force now stands at its highest level for seven years, but remains below the level seen in 1979.

● The number of working days lost through strikes and other disputes in August was, at 30,000, the lowest in any month since 1948.

However,the exceptionally good figure follows a period since the beginning of this year during which stoppages have greatly increased.

Stronger economy lifts labour market

BY OUR ECONOMICS CORRESPONDENT

YESTERDAY'S employment statistics suggest that the strong growth of the economy - currently rising at an annual rate of around 4 per cent - is translating into a significant improvement in the labour market.

Manufacturing companies are laying off fewer workers and employment in service industries is growing strongly.

At least part of the fall of 408,000 in the number of benefit claimants over the past year also reflects the tighter controls on claimants operated through the Restart scheme for the long-term unemployed and through a new availability for work test.

The employment department said that the seasonally-adjusted claimant count fell to 2.775m in September, marking the 15th consecutive monthly fall. On the new basis of calculation introduced by the Government last year, that represented 10 per cent of the workforce.

On average, the unemployment rate has fallen by 1.5 percentage points during the last 12 months, with the decline spread relatively evenly throughout England, but with Northern Ireland and Scotland doing less well.

There has been little erosion of the wide disparities in jobless rates betwen different regions. A rate of 7 per cent in the south-east of England last month compared with 18 per cent in Northern Ireland, 12.9 per cent in Scotland, and 14 per cent in the north of England. The recent economic boom in East Anglia is reflected in a jobless rate of 7.3 per cent.

Employment has now risen in every quarter for four years. Including the department's rough estimate of the numbers of people moving into self-employment, the number of people in work is 1.362m higher than in March 1983. It is still, however, about 520,000 lower than during the last economic peak in 1979.

Of the new jobs created, the Government estimates that the bulk are part-time and most have been taken up by women. The total increase is broken down into 1.003m jobs for women, of which 584,000 are part-time, and 359,000 for men, of which 194,000 are part-time.

As manufacturing output has accelerated, the number of jobs losses has fallen from a monthly average of 16,000 in the three months to August 1986 to 3,600 in the comparable period of this year. At the same time growth in service industry employment has strengthened.

Less encouraging for the Government is evidence from the latest statistics that earnings growth in manufacturing is continuing to accelerate. Provisional data for August suggests that over the previous year, the underlying rate of increase in average earnings in manufacturing edged up to 8.5 per cent. That compares with a rate of 7.75 per cent at the start of this year.

Much of the impact on units costs has been offset by rapid growth in productivity, with output per head rising at an annual rate of close to 7 per cent in recent months.

Tories and Saatchi set to part company

By Feona McEwan

SAATCHI & SAATCHI, the world's largest advertising agency, is to part company with its most famous account, the Conservative Party, which is worth £4m in an election year.

The move follows months of speculation that Mrs Margaret Thatcher, Prime Minister, and some of her advisers were unhappy with work done by Saatchis during the recent general election campaign.

In particular, she was known to be upset at the success of the Labour Party's campaign which was handled by a group of senior advertising executives who volunteered their services.

Saatchi, which has handled the account for nine years, refused to comment last night on reports that it was about to resign the account. Conservative Central Office also declined to comment last night.

However, Saatchi is understood to have written to Central Office resigning the account at a "mutually convenient time."

Saatchi is also understood to be telling clients and staff that there are areas of "conflicting interest" within the account. It has interests, for example, in satellite broadcasting which it believes would be incompatible - because of its strict regulation - with it continuing to handle the Tory party's advertising.

Advertising industry sources, however, were last night sceptical of Saatchi's reasons for resigning. They described it as a pre-emptive strike before Saatchis lost the account when Mr Norman Tebbitt, chairman of the Tory party, resigns from the post shortly.

Saatchi won the Tory party account in the late 1970s and its innovative advertising campaign for the 1979 general election won it significant new business. This helped it develop in the 1980s through a series of acquisitions to become the largest advertising agency in the world in terms of fee income.

The 1979 election campaign included the slogan: "Labour isn't working" which aroused the anger of Labour politicians at the time.

During this year's election campaign there were persitent reports of a split between top Tory politicians over the effectiveness of the advertising.

This led to Mr Tim Bell, a former senior executive with Saatchis, being called in by the Prime Minister to help develop the campaign.

Ferguson to cut workforce by quarter in rationalisation move

BY TERRY DODSWORTH AND DAVID THOMAS

FERGUSON, the television manufacturing company which was sold to Thomson of France by Thorn EMI earlier this year, is to make almost a quarter of its workforce redundant as part of sweeping rationalisation measures announced yesterday.

The job cuts, which will involve 1,200 workers out of a total of 4,600, were triggered by trading losses and the withdrawal of JVC, the Japanese television company, from a licensing deal under which some of its European sets were made by Ferguson.

JVC said last night that it intended to build its own television plant in Europe as part of its aim to expand its activities in the region. The new plant, which will probably be in the UK, will be designed to produce at a much higher rate than the 200,000 units a year which Ferguson had been intending to make for JVC.

According to JVC, it will need to make its decision soon because Ferguson will continue to supply it with sets only until the end of the year.

Ferguson's rationalisation decision is the first significant move made by the company since it was acquired by Thomson in a £90m ($148m) deal three months ago. Since then, Thomson has acquired the television manufacturing activities of General Electric of the US, putting it among the top three producers in the world.

The UK group said last night that when it was acquired by Thomson it was losing money at the rate of around £1m a month, and although its trading position had improved in September, it was still faced with the need to adjust to ferocious price cutting. Prices on some of its top of the range models have fallen by 10 per cent since the beginning of the year.

The rationalisation is aimed mainly at reducing stock levels and transport costs on its smaller portable models, where price competition is fiercest. To achieve this, the company is transferring assembly of the electronic units which make up the inside of the small sets from its plant at Enfield in North London to Gosport, Hampshire.

Transfer will mean job cuts of 900 at the plant. Gosport, where the company has invested heavily in final assembly in recent years, will lose 270 jobs, and there will be a further 20 redundancies in the group's plastic moulding facilities.

Ferguson will have supplied JVC with about 100,000 sets from its Gosport plant since February when the relationship began.

Talks to avert Vauxhall strike

BY CHARLES LEADBETTER, LABOUR STAFF

UNION OFFICIALS and senior executives at Vauxhall Motors' car plant at Luton, north of London, will hold a critical meeting this morning in an attempt to head off a threatened strike over the recalculation of productivity bonuses.

The 3,500 manual workers at the plant plan to start an indefinite strike from 4 pm today unless the company makes an improved offer. The workers voted for strike action by about two to one.

The meeting, involving conveners from the plant and local full-time officials, follows informal contacts over the past few days after talks on recalculating the productivity bonuses broke down on Tuesday.

However, there was little optimism last night that the talks would avert the strike. The company indicated that it did not plan to make an improved offer over the bonuses.

It said it would conduct substantive negotiations only if the strike threat was withdrawn. It hopes to arrange a meeting with national officials of the two unions involved, the Transport and General Workers Union and the AEU, engineering union, for Monday.

Union officials at the plant, which makes the Cavalier car, said they expected the strike to go ahead as planned. However executives believe support for the strike call may be weaker than suggested by the original vote.

The Luton workers are also likely to come under pressure to settle the dispute from colleagues at the company's Ellesmere Port plant on Merseyside.

Whitehall union seeks pay stoppage

BY OUR LABOUR EDITOR

THE HARD LEFT leadership of the CPSA, the biggest civil service union, is drawing up plans for an all-out pay strike by the union's 145,000 members next spring.

In a circular to CPSA branches in advance of a special pay conference in December, the union's national executive committee says: "The only action which is likely to move the employer in the context of a national pay claim is when all members in all departments stop work together - that is indefinite all-out strike."

Disclosure of the leadership's plans is certain to alienate the CPSA further from the Government at a time when some ministers advocate cutting links with the union because of the strong influence within it of Militant Tendency, the far-left group.

The union, which represents clerical grade staff, tried to call an indefinite strike earlier this year after 14 weeks' selective disruptive action over pay. Almost three-quarters of the members taking part in a ballot voted against.

The latest circular makes it clear, however, that the executive intends to devote the winter months to "build confidence" in preparation for a further ballot in the spring.

The circular says the executive will recommend an all-out strike strategy to the pay conference. The conference, which will be dominated by young left-wing delegates, is almost certain to approve such a strategy.

US group funds £20m Oxford brain research

BY DAVID FISHLOCK, SCIENCE EDITOR

SQUIBB, the US pharmaceutical group, is funding £20m of basic research in brain chemistry at Oxford University under an agreement which gives the company preferential rights to the results of designated projects.

The agreement is for seven years and includes the cost of a new facility for neuroscience research in Oxford by 1991. It is one of the largest industrial research contracts placed with an academic institution.

Squibb will be funding research associated with five areas of neuroscience - senile dementia, epilepsy, psychoses, blood pressure control, and control of the peripheral autonomic nervous system.

In return, the company gains immediate access to Oxford's research in these five areas.

Sir Patrick Neil, vice-chancellor of Oxford University, said the university hopes to raise £200m through a public appeal, partly through industrial investments of this kind.

He said it was the kind of funding the Government had been urging universities to seek. They had received assurances that success in securing such funds would not lead to curbs in government support.

Dr Charles Sanders, executive vice-president responsible for Squibb's science and technology, said if Oxford's research led to new chemicals of potential commercial interest as drugs, the company would set up complementary facilities at its institute for medical research in Princeton, New Jersey, to develop the compounds.

The agreement contains an understanding that research of interest to Squibb will not be published until patents have been applied for, Dr Sanders said.

Professor David Smith, head of Oxford's department of pharmacology, said this was "absolutely normal practice."

He said the university had more than 160 scientists studying various aspects of the nervous system and his own department was the focus of a lot of this research. But its work had been severely curtailed by shortage of laboratory space.

Oxford is at the forefront of research into the discovery of a new class of natural chemicals participating in brain activity.

In addition to chemicals which initiate or inhibit the firing of a brain cell, to release an electrical impulse, there is a third class of chemicals which modulate the action of the other two classes.

About 50 natural modulating agents have recently been identified, opening opportunities for synthetic mimics which might exert a more subtle action on nervous diseases than drugs in use.

Prof Smith said that many laboratories were studying modulation, but his own department might be unique in focusing on it. "Other people are probably doing it more by accident than by design."

Gains tax should go say landowners

BY RICHARD WATERS

CAPITAL GAINS TAX should be replaced by a tapered income tax that would hit short-term gains hardest, the Country Landowners Association said yesterday.

The association, which has sent its proposals to the Chancellor of the Exchequer, said any gains on an asset sold within a year of purchase should be taxed at full income tax rates.

The scheme would provide relief of between 20 per cent and 80 per cent for gains made between one and five years of the purchase. Any sales after this would be tax free.

Such a tax would hit short-term gains, particularly in stocks and shares. Share trading provided half of the CGT take in 1982-83, the last year for which figures are available.

The CGT exemption of £6,600 should be kept to protect small shareholders

The association, which represents 43,000 landowners, claims many of its members are sitting on inflationary gains made in the 1970swhich they are unwilling to realise because of CGT. "The tax remains a levy upon capital itself, thereby distorting commercial decision making and the free movement of investment," it said.

Government 'must do more' to ensure wider share ownership

BY HUGO DIXON

THE GOVERNMENT and the securities industry need to do more if the "seed" of wider share-ownership is to germinate, a director of Quilter Goodison, the London stockbroker which has pioneered share shops, said yesterday.

Mr David Franks, a director of Quilter's retail division, said that the Government had already largely done its part through legislative changes and privatisations.

However, he added his voice to those who have argued that personal equity plans should be made more attractive by allowing some form of upfront income tax relief on the lines of France's Loi Monory.

Speaking at a Financial Times conference on retail financial services, Mr Franks said the Government should give greater weight to unit trusts in its promotion of wider share ownership because they reduce risk by spreading investments. He argued that this would be particularly valuable in the event of a bear market in equities.

"How can the fact that 19.5 per cent of the adult population holds shares but only 5 per cent hold unit trusts be justified?," Mr Franks asked. "It is the wrong way round."

He said the limit on the proportion of PEPs that can be held in unit trusts should be increased and possibly removed.

FT CONFERENCE

Retail Financial Services

Turning to the securities industry, Mr Franks said the commissions charged to small investors for share dealing had gone up since last year's Big Bang, not out of choice but because of settlement problems.

He said that, before Taurus, the computer system planned for registering securities, could come on stream to help this problem, certain aspects of company law would have to be changed.

Several other elements were needed to spur on wider share ownership, Mr Franks said.

First, more people would have to be trained to advise on share dealing and qualify as "registered representatives". Second, the status of retail stockbroking would have to be raised. Third, the industry would have to start marketing itself.

Sir John Read, chairman of TSB Group, stressed the importance of putting customers first in the provision of financial services. He hinted that one way of doing this would be to start opening banks on Sundays.

Mr Scott Durward, chief general manager of the Alliance & Leicester Building Society, argued that competitive pressures were likely to lead to more and more mergers in the building societies movement.

"By the year 2000 we could well see fewer than 20 building societies left, perhaps 10 huge national societies and 10 smaller, butstrong regional societies. On the other hand, by the year 2000 there might not be any mutual building societies at all, because we will be called something else - savings banks or mortgage banks or licensed deposit takers."

Mr Seymour Fortescue, Barclays Bank's director for UK retail services, pointed out how profitable the mortgage market had become for banks over the last year.

Mr Russell Hogg, president of MasterCard International, the credit card company, argued that credit card spending was giving a boost to the UK tourist industry.

Poor exports likely to curb economic growth, says study

BY JANET BUSH

THE KEY THREAT to future growth in the British economy looks likely to come from a sluggish export performance, according to the latest economic outlook by Wharton Economic and Financial Information Services (*WEFA*).

WEFA forecasts real gross domestic product growth of 3 per cent to 3.5 per cent this year, but only about 2 per cent next year.

The depreciation of sterling last year and strong productivity growth should produce export growth in manufactured goods of more than 6 per cent this year.However, WEFA argues that the effect of sterling's depreciation is effectively over and notes that export volumes in manufactures actually declined in the first half of this year.

At the same time, the current consumer boom and recovery in fixed investment spending which have provided the engine for this year's relatively fast economic growth are expected to continue next year, keeping imports buoyant.

WEFA forecasts a very modest current account deficit this year of £187m, but a shortfall of more than £2bn in 1988. The current account deficit is projected to worsen until 1991, when a world trade recovery should reverse the trend.

It is relatively optimistic about the prospects for inflation, which should be contained by a strong pound, low world commodity and manufactured goods prices and a high level of growth in British productivity.

It suggests retail price inflation may already have peaked this year at 4.4 per cent and should fall to about 4 per cent by the year's end, in line with the Treasury's Budget projection. It sees inflation rising to 5.6 per cent in the last three months of next year, but staying below 6 per cent until 1992.

Inflation is forecast as intensifying towards the end of this period. Although annual GDP growth is forecast to slow to 2 per cent next year, WEFA still sees unemployment falling to 2.83m by the end of 1988 from 2.96m at the end of this year.

WEFA has revised up its forecast for world GDP growth this year to 2.6 per cent compared with the 2.3 per cent suggested in its July outlook and 3 per cent next year compared with its previous forecast of 2.7 per cent.

These revisions reflect stronger than expected growth in the US and a recovery in Japanese growth

Ambulance design defects criticised in union report

BY DAVID BRINDLE

A REPORT published yesterday identifies "inherent relative weakness" in the design of a Bedford vehicle commonly used as an ambulance by health authorities.

The report also criticises Department of Health and Social Security guidelines which advocate replacement of ambulances only after seven years or 140,000 miles. The DHSS recommends replacement of vans after five years.

Assessment of the Bedford CF280 ambulance was commissioned by the National Union of Public Employees after five cases this summer when wheels fell off vehicles of this type operated by the Devon Ambulance Service.

The union says similar accidents had previously occurred to CF280s operated by at least six other services. Devon ambulance crews have been refusing to use their 54 CF280s since a wheel fell off one on the M5 motorway.

The report on the Devon accidents has been prepared by Mr Richard Booth, professor of health and safety at Aston University and president of the Institute of Occupational Safety and Health.

He identifies two mechanical faults, but the report concludes that maintenance shortcomings are "unlikely to have been a major contributory factor."

Instead, Mr Booth says, the CF280 is "inherently less suitable" than other vehicles for the rigours of ambulance work, often involving high-speed driving and very severe acceleration, braking and cornering.

In view of the report, Nupe is calling for the withdrawal from service of all CF280s, for earlier replacement of all vehicles and for the DHSS to commission British manufacturers to design a purpose-built ambulance for the 1990s.

LAW SOCIETY CONFERENCE

President warns over mixed partnerships

BY RAYMOND HUGHES IN VIENNA

IF SOLICITORS were allowed to enter partnerships with members of other professions it would be essential for them to have majority control, Mr Derek Bradbeer, Law Soc president, said yesterday.

In a keynote speech to the society's conference in Vienna he indicated his support for mixed partnerships, but said the crucial factor was control.

Only if solicitors were in charge could they control delivery of the partnership's legal services and ensure maintenance of professional standards, he said.

The issue of mixed partnerships as a means of surviving in an increasingly competitive world has divided solicitors. It will be debated by the conference today.

A decision one whether to amend the society's rules to enable solicitors to establish professional alliances with, for example, accountants or estate agents, is expected by the end of the year.

Mr Bradbeer said it was essential solicitors should not let themselves be bullied into decisions by pressure from over-commercially orientated groups of solicitors, those who wanted to retain the status quo ,or even from "such august bodies" as the Office of Fair Trading.

He said solicitors' attitudes to client relationships were significantly different to those of other professions: "Chartered accountants, for instance, have very different ideas about conflict of interest. A firm of accountants may be perfectly willing to advise the vendor and the purchaser of the share capital of a company.

"Some large firms make the stipulation that separate offices of the firm should act for opposing parties; others do not even do that.

"Quite where this leaves the obligation of full disclosure to one's partners and the obligation to act in good faith towards them I have never been quite sure."

If solicitors were to contemplate mixed practices they would have to impose their higher standards of conduct and to do that they would have to have majority control.

Specific code-of-conduct provisions would need to be formulated, after talks with other professional bodies, which would apply to all in a mixed practice.

"We would not allow different standards within one practice.

He stipulated two types of limitation on those whom solicitors allowed to be minority partners:

● Non-solicitors would have to be either active partners in a firm, or executive directors or employees in an incorporated practice: 'I would not allow participation by outside venture-capitalists with a shareholding or by sleeping-partners.'

● Non-solicitor participation should be limited to members of a professional body with high ethical standards.

Clients now shop around

SOLICITORS HAVE to adapt to the fact that their clients are becoming increasingly sophisticated and inclined to shop around for legal services, the conference was told yesterday

Quality and speed of service were criteria by which solicitors were being judged by clients whose life-long loyalty could no longer be guaranteed in a competitive world, said Mr David Andrews, a practice management consultant.

"We are losing our grip. We have allowed predators to take away our work because we have not kept abreast of our clients'requirements."

However, there was still plenty of work - and money - to be made even by small firms. It was a fallacy that all the money was being made by the big City firms, Mr Andrews said.

"Boutique firms with a high level of expertise, a readiness to explore new areas of practice - such as financial services and consumer protection - and an intelligent approach to marketing could be highly profitable."

It was essential for solicitors to plan to make the best use of their human and technological resources, Mr Andrews said.

Furniture group bought by managers for £80m

BY CHARLES BATCHELOR

NINE SENIOR executives of Moores Furniture Group, a privately-owned maker of fitted kitchens have acquired the company in a management buy-out worth £80m.

Mr Fred Davies, 46, chief executive, said the buyout was put together in less than two weeks after the management realised it could outbid the six trade potential buyers interested in acquiring the company.

Moores made a pre-tax profit of £5.4m (adjusted for payments to directors) last year on turnover of nearly £30m. It employs more than 900 at its factories in Wetherby, Yorkshire, and Newton Aycliffe, County Durham.

The company is a leading supplier of kitchen furniture to private sector housebuilders claiming a 15 per cent market share. It claims a 35 per cent share of the public sector housebuilding market and has a 5-6 per cent stake of the retail market, supplying shops displaying fitted kitchens. It supplies flat pack bedroom furniture to Texas Homecare.

The managers plan to take Moores public in a year or two. The company was set up in 1945 by Mr George Moore

The management team is putting up £500,000 for a stake in the business which could rise to 15 per cent if optimum performance is achieved.

The final details of the financial package still have to be agreed but 3i (Investors in Industry), which led the negotiations, said there would be £25m-£30m of secured long term "senior" debt, £15m of mezzanine funding (comprising unsecured loans carrying a premium rate of interest) and up to £40m of equity.

The details of the package will depend on the syndication agreement 3i reaches with the investors providing the loan and equity capital.

The entire deal has been underwritten by 3i which claimed this was the largest "bought deal" buyout undertaken by a single UK institution. In a bought deal the lead institution puts up all the finance and syndicates a large part of it later to other investors. This technique allows deals to be put together quickly. 3i expects to complete the deal on November 12.

T & N signs car exhaust deal

BY JOHN GRIFFITHS

A LICENCE and manufacturing rights agreement for car engine technology said to be capable of meeting new European exhaust emission standards without any form of catalyst was signed yesterday between Britain's T & N group, formerly Turner & Newall, and Sonex Research of the US.

The technology, which has been under development for several years, has reached the stage where "it can quite genuinely be presented to car manufacturers" as a means to allow them to meet the standards without resort to catalysts, said Mr Colin Hope, T & N's group managing director.

The EC standards, which restrict the amounts of nitrogen oxides and other pollutants which may be emitted by car engines, are due to start coming into effect in 1990 for cars of between 1.4 and 2 litres - the engine capacities in which the two companies' research work has so far been concentrated.

The technology, conceived by Sonex, of Annapolis, Maryland, has been claimed as offering a generic solution to the problem of meeting the standards at a projected cost of £50 a unit or less.

Costs of a full three-way catalyst system for cars in these engine capacities are projected at £300-£400, although Toyota is shortly to put into production a "lean-burn" engine also said to be capable of meeting the standards, possibly with the help of a simple oxidation catalyst.

The agreement, which follows collaboration between T & N Technology and Sonex, gives T & N exclusive rights to make pistons and other high-technology components for the system. T & N already sells pistons to most large vehicle producers through its technology subsidiary, which was known as AE *Developments until T & N's successful takeover last year of AE*

Peugeot Talbot may create 1,000 jobs

By Kenneth Gooding, Motor Industry Correspondent

THE PROSPECT of a substantial rise in jobs, possibly by 1,000, at the Peugeot-Talbot factory at Ryton, Coventry, emerged yesterday. Mr Geoffrey Whalen, managing director, said a second shift would be introduced in the spring for the first time for 12 years.

He said he was convinced the French-owned company would make a profit this year, for only the second time in 20 years. When half-year results last month showed a £5.7m net profit, compared with an £8.3m loss in the first half of last year, he had suggested breakeven was the best that could be hoped for.

He said he was more optimistic because Peugeot had beaten sales targets this year, had sold more high-value models and continued to obtain better control of costs.

"I can now say that for the first time in 20 years we can look ahead - from 1988 - to regular and respectable profits," he said.

He would not estimate the number of jobs to be created by the second shift, because it would be a few weeks before a decision is madeon whether Ryton will build the mid-sized Peugeot 405 for export as well as for the UK. The model went into full production at Ryton yesterday.

It is reasonable to assume that the shift would create about 1,000 jobs. This year 300 people have been recruited to help build the 405. In the past *two years 800 people have been* transferred from the nearby Stoke factory as production of car-kits for Iran was being run down.

More than £50m has been invested at Ryton in the past three years. In the early-1970s the factory employed more than 8,000, but it now has a workforce of 2,100.

Ryton is producing 1,250 cars a week on a single shift, the maximum possible. Mr Whalen said: "I am optimistic that we will substantially fill the plant when we go to a second shift, but I don't expect we will reach the maximum 2,500 a week next year."

Ryton *made 46,000* cars last year, including 9,000 for export. Output will be about 46,500 this year, including 5,700 for export.

Mr Whalen said he hoped the 309, also assembled at Ryton, would take 3 per cent of the UK car market next year and that by the end of next year the 405 would account for another 1.5 per cent. This suggests output at Ryton will be at least 80,000 units next year.

The British content of the two cars would be 65 per cent by ex-factory value, Mr Whelan said. Peugeot would spend several millions expanding its Canterbury Lane, Coventry, plastics plant which will make dash*boards for the UK-built cars.*

Oilfield group acquires two US companies

By James Buxton, Scottish Correspondent

THE WOOD GROUP, the privately-owned Aberdeen oilfield services company, has acquired two US companies in its drive to expand into markets outside the North Sea and acquire new technology.

It is paying $4m (£2.4m) for the Wireline Products and Wireline Services divisions of Pengo Industries, which is quoted on the New York Stock Exchange.

The Wireline Products division, based in Fort Worth, Texas, is one of only three independent manufacturers of the electronic equipment used for monitoring or logging oil and gas wells, a sector dominated by a few major companies and led by the US company Schlumberger.

Wood Group already owns another independent manufacturer of logging equipment, Petroleum Management of Houston, Texas.

SIB in clash on unit trust pricing

BY ERIC SHORT

A SERIOUS clash between the Securities and Investments Board and the Unit Trust Association over the board's proposals to change the method of pricing of unit trusts now seems inevitable.

This emerged at yesterday's meeting of SIB when Sir Kenneth Berrill, the board's chairman unveiled the first part of its final rules.

He explained why SIB was proposing to move from an his*toric to a forward pricing sys*tem so unit trust deals would be transacted at the next dealing price made by the managers instead of the present system of dealing on the last price made.

The Unit Trust Association has already set out its opposition to the move as unnecessary, and confusing to the public and unfair in its operation.

Mr Roy Croft, SIB's chief executive, explained that the board had considered very carefully the arguments for both systems of pricing and would need to be convinced the arguments for forward pricing were wrong.

He went on to state that, to date, no one had put forward a convincing refutation of those arguments for forward pricing.

Sir Kenneth also took the opportunity to reassure the public that the deferral of section 62 of the Financial Services Act - the right to sue - would not affect their main means of redress through the proposed arbitration systems being set up.

The new rules have been over two years in development. They represent the core that will control the regulation of investment businesses when the financial services legislation becomes operative in April.

Under the 1986 Financial Services Act, no investment firm will be able to transact investment business unless it is authorised. These rules set out the conditions under which authorisation may be granted and con*trol the way in which firms* transact business.

Only those firms which chose to be directly authorised by the SIB, probably less than 1 per cent, will be directly governed by these particular rules.

The main purpose of these rules will be to act as a benchmark against which all other rules will be assessed. The theme of the financial services legislation is self-regulation within a legal framework.

SIB is the central watchdog operating the act on behalf of the Trade and Industry Secretary. The main authorisation procedures will be handled by five self-regulating organisations covering the various sectors of investment and financial services.

Each SRO has to produce its own rules and these have to be accepted by SIB before the SRO can be recognised. The rules will reflect the nature of operations within the sector covered by the SRO, though certain of SIB's rules have universal application. SIB will expect the SRO rules to be equivalent to its own.

The rules are little different from the draft issued earlier this year and scrutinised by the Office of Fair Trading. SIB had already reduced its proposed fee levels for small firms in response to the OFT's comments.

Two major changes have made. First, the definition of business investor has been relaxed to include all investment *business.*

Second, customers will have to be warned if they are put into an investment business not controlled by the act, such as an overseas investment vehicle.

SIB has not moved on the thorny subject of polarisation - life assurance and unit trust intermediaries having to decide whether to be truly independent or representatives of just one company.

The published rule book is not complete but is sufficient for SIB to check against the rule books of the SROs. The following chapters of the book covering the following areas were issued yesterday:

- Financial regulation: imposing requirements on minimum capital requirements, financial records to be maintained, statements and other information to be supplied and audits.
- Conduct of business rules: the centre piece dealing with relations between firms and customers and the internal conduct of firms.
- Unsolicited calls: controlling the circumstances under which an investment agreement may be entered into during, or as a consequence of, a "cold call".
- Clients' money: requiring firms to segregate customers' money and to pay interest on it.

The Chapters on notification and cancellation are expected next month; the chapter on fees should appear in January.

The chapter on collective investment schemes cannot be issued until the necessary powers are transferred to SIB from the Department of Trade and Industry.

There are two important aspects SIB is prepared to adapt to meet the particular circumstances of an SRO:

- It is discussing with the Securities Association rules on position risk and counterparty risk.
- It is also discussing corporate finance activities with the TSA.
- It is discussing with the Life Assurance and Unit Trust Regulating Organisation the rules on illustrations and product disclosure.

The rules of the *SRO* must be at least as strict as those of SIB which would be concerned if the rules were too strict. Every firm has the option of being authorised direct by SIB.

Details of the rules and costs can be obtained from The Securities and Investments Board, 3 Royal Exchange Buildings, London EC3V 3NL.

Bank to make extra bills issues

BY JANET BUSH

THE Bank of England yesterday *announced it will supplement* the usual weekly tender of 13-week Treasury bills with issues of nine-week bills from October 23.

The move is designed to preempt the large money market shortages which happen in the first few months of the year during the corporate tax-paying season.

Yesterday's announcement prompted speculation, particularly in the gilt-edged market, that corporation tax receipts could be even more buoyant than envisaged at Budget time.

The Bank said the extra issue was designed to smooth out seasonal fluctuations in the pattern of central government borrowing. The expanded *issue of* bills would drain liquidity from the domestic money market in late October and the first half of November and then add liquidity in late December and early January when they matured.

The Bank acknowledged the seasonal pattern of money market surpluses and shortages had become more accentuated as corporate profits, and therefore corporation tax receipts, had risen strongly over the past two years. It said expectations of particularly strong receipts this year had been the main motive behind the increase in bill issuance.

In the next month, the £1.95bn outstanding of a gilt-edged *stock will be redeemed on* November 3, injecting cash into the domestic money market. However, this will be offset by the first call on British Petroleum shares and the second payment on the long-dated gilts issued at auction last month.

The initial offering of the new nine-week bills a week today is expected to amount to £500m. The Bank is currently offering £100m of 13-week bills at the weekly tenders.

The Bank did not specify for how many weeks it would be issuing these extra bills, the first ones with a nine-week maturity since 1962.

Plea on investor safeguards

By Andrew Taylor

INVESTOR PROTECTION rules in the Financial Services Act should not be allowed to damage London's posititon as one of the world's leading financial centres, Lord Limerick, chairman of the British Invisible Exports Council, warned yesterday.

Lord Limerick, presenting the council's annual report, said: "It remains for the Securities and Investments Board and other self-regulatory organisations to demonstrate that they can introduce rules which, as well as being effective from the point of view of investor protection, will have sufficient flexibility to ensure that the innovative spirit on which London depends is not stifled."

He supported rules to safeguard investors,but was concerned that they should be introduced sensitively and in a way that would not harm the City's standing as Europe's premier financial centre.

He said financial institutions had contributed £9.4bn out of a total British private-sector invisible surplus of £12bn last year.

Lord Limerick's remarks follow a decision this week by Lord Young, Trade and Industry Secretary, to postpone for six months the implementation of a key clause of the Financial Services Act allowing investors to sue for damages if they lose money as a result of a breach of rules by an investment firm.

Lord Limerick said Britain's share of world invisible trade had risen from 14.2 per cent to 16.6 per cent between 1975 and 1985.

DTI revises stock movement estimates

BY JANET BUSH

THE TRADE and Industry Department yesterday released figures revising its estimates for stock movements during the second quarter of this year for the second time.

Last month, the DTI said stocks held by manufacturing industry had fallen by about £180m in the period from April to June. Its provisional figures had indicated a rise of £80m.

Yesterday, the department said it had discovered some *misreporting in its revised data* and now estimates manufacturing stocks rose by about £45m during the period. All figures are seasonally adjusted at 1980 prices.

The largest change in holdings of stock happened in the engineering sector. In September, the DTI estimated engineering stocks had fallen by nearly £320m, but yesterday's revised figures put the decline at about £95m.

The DTI said it had not revised its September estimates for stock holdings in other sectors of the economy.

Separate figures published yesterday by the Central Statis*tical Office showed another de*cline in the Government's longer leading indicator of British economic activity in September. However, signals from the indicators are mixed as the other leading indicators are still set on a rising trend.

The CSO said last month's fall in the longer leading index, which aims to signal turning points in activity a year in advance, reflected the continued rise in interest rates. The sharp fall in share prices during August was still depressing the index

The shorter leader, which is supposed to signal turning points six months in advance, *rose again in August, contin*uing its pattern of sustained growth since November. The index has been influenced particularly by buoyant consumer credit.

SNP launches independence campaign

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

THE SCOTTISH National Party attempted yesterday to put independence for Scotland back on the political agenda with the launch of an autumn political campaign entitled: The Real Choice - Independence or Thatcher.

*The initial aim of the cam*paign is to convince Scots that the Labour Party, which won 50 of the 72 Scottish seats at the June general election, is unable to protect Scotland against Mrs Margaret Thatcher's Government.

The SNP has dubbed the Labour MPs the "feeble 50." Obtaining independence for Scotland, the SNP argues, is the only real alternative to Thatcherism.

The bill for devolution in *Scotland, which Labour is to in*troduce in parliament later this year, will inevitably fail, Mr Alex Salmond, MP, recently elected the SNP's deputy leader, said in Glasgow yesterday, because Labour had not succeeded in forcing concessions for Scotland out of the Government.

"That means there will be only one real choice for Scots. For the first time in a decade, independence is back centre stage," he said.

The party wants to consolidate the independence vote in Scotland by pressing the economic case for independence.

Warsaw Pact to watch exercise

By David Buchan

WARSAW PACT observers are to watch a military exercise in the UK, Purple Warrior, for the first time. The exercise will be in southern Scotland next month and involve about 20,000 men from all three services, 39 ships and about 30 aircraft.

Under the Stockholm Agreement last year on military confidence-building measures in Europe, all exercises involving more than 13,000 must be notified to other countries, and all exercises involving more than 17,000 must be opened to foreign inspection.

Shell to build £90m gas separation unit

BY LUCY KELLAWAY

SHELL UK yesterday announced plans to spend £90m on building a gas separation complex at its Stanlow Refinery in Cheshire.

The investment will provide up to 550 jobs over the next two years, most of which Shell said would be filled locally.

The news was welcomed by unions representing Stanlow workers. The unions have seen many of their members there made redundant in the past few years.

The investment is part of a radical plan which, over a few years, has transformed Stanlow from an inefficient and loss-making concern into a modern refinery.

The separation plant, due to be commissioned in 1989, will be attached to the £190m catalytic cracker, soon to be completed. It will use feedstock from the cracker

Clive Wolman traces the City career of Roger Seelig before his arrest

The ace of takeovers who was trumped

MR ROGER SEELIG, the former corporate finance director of Morgan Grenfell who was arrested yesterday by detectives investigating the Guinness affair, achieved a profile higher than almost any other City banker as a result of leading a series of successful takeover battles.

He was given a particularly free rein at the merchant bank Morgan Grenfell and, more than any other individual, was responsible for its rise to the position of the largest and most successful merchant bank adviser on mergers and acquisitions. Morgan's approach allowed him to develop tactics for takeover battles which stretched ingenuity to its limits.

He always considered himself an innovator. At a party in Chelsea in the summer of last year, shortly after Guinness had triumphed in its £2.5bn. takeover battle for Distillers, Mr Seelig was to be seen explaining enthusiastically to an audience why the existing rules and conventions governing takeover battles were out-dated and unsatisfactory. People like himself, he said, were at the forefront of financial innovation by looking at the rules in creative ways.

A flamboyant character always immaculately coiffeured, Mr Seelig loved to give the impression that he was constantly in a frantic rush. A mobile telephone would accompany him everywhere, in his car, at the opera, or in a restaurant.

He was skilled at squashing awkward questions from journalists by expressing complete disdain, but he was also capable of exercising considerable charm and grace when required. He would dominate the incessant meetings of company executives and their advisers during bid battles.

His methods of attracting new business enraged his rivals. During Burton's takeover bid for Debenhams, Mr Seelig acted as the adviser to Habitat Mothercare, which was supporting

Roger Seelig: constantly in a frantic rush

Burtons, which in turn was being advised by the merchant bank S.G. Warburg. At the end of a meeting, when Mr Seelig and all the other participants were walking out of the building to their cars, he fell behind to speak to Mr Ralph Halpern, chairman of Burtons. He suggested to him that he should drop Warburg as his merchant bank if he wanted to pursue more aggressive and successful tactics.

Mr Seelig, aged 42, joined Morgan Grenfell in 1971 and became a corporate finance director in 1979. By 1986 he was earning a salary and bonus in excess of £250,000. He also took a series of stakes in some of the companies he had advised, such as Underwoods, the chemists.

The Guinness bid for Distillers in January 1986 marked the peak of his career. He played a major role both in persuading Mr Ernest Saunders to launch the bid and in devising a way of side-stepping the bid's referral to the Monopolies and Mergers Commission.

His career at the bank came to an end four weeks after the inspectors of the Trade and Industry Department launched their investigation of Guinness in December last year. He resigned after some of the details became public of a dispute between Morgan Grenfell and the merchant bank Henry Ansbacher over the ownership of a £7.5m tranche of Guinness shares which *were acquired in the lat*er stages of its bid battle. His resignation was followed three weeks later by those of his two immediate superiors, Mr Graham Walsh, head of the corporate finance department, and Mr Christopher Reeves, chief executive.

Since then, he has refused to comment on his role in the Guinness affair. Immediately after his resignation, he spent most of his time in his country home but he has gradually become involved once again in City affairs and acted as an advisor to at least one of the parties which showed an interest in bidding for Storehouse (formerly Habitat-Mothercare) last month.

Busy time at British Land

BRITISH LAND has been busy. Properties have been moving in and out of the portfolio. Funds have been raised. Convertible bonds have been turned into equity. The market has liked the look of the shares and the price shows that a 68m shares issue last December has been comfortably absorbed.

The disposals have helped to boost British Land's cash resources - over £100m of property deals with sales to other companies like Randsworth Trust and Dares Estates and another £30m for Gripperrods, the last of the industrial subsidiaries.

So it has looked as if British Land is girding up for some grand initiative. Mr John Ritblat, the chairman since 1970, tends to discount any notions that the disposals have been abnormal.

Take the industrial interest first. "We've sold at the moment in the cycle when the return we can get on the money is not far removed from the returns of the industry. We'd taken out the properties, kept the residual business and built up the goodwill, which is not in the balance sheet," he said. At the end of the day British Land had made a capital profit.

Gripperrods had been bought in 1984 for £11.5m as part of an industrial diversification policy. That phase has now finished with total industrial disposals worth nearly £55m against book values of £29m.

Now the properties. "We've been selling the trading stock," said Mr Ritblat. Even when trading properties was not as popular as it has now become, as younger property companies rush to build up assets and property wholesalers like Mountleigh enjoy a vogue, British Land has held a trading stock of about 15 per cent of its portfolio.

"We've sold between 5 and 8 per cent of the portfolio every year. As we got bigger, the sales became larger, but the proportion has been the same," Mr Ritblat noted. But there is another point.

The property sales were "developments we've finished and which have served their purpose in the portfolio - and nearly all of them were leasehold," he said. Many of them were mixed use properties, not of the type that would interest the institutions.

The upshot has been to generate cash "which you can put on the street for 10 per cent" and the result has been sales near, or even at, the top of the market.

The sales though have to be set against the purchases over the last year or so - a £93m portfolio from Legal and General, the half share of the Euston Centre in London that it did not already own, plus three other buildings, from P&O for £65m financed by a £103m share placing.

When the purchases are set off against the sales, the share placing and other fund raising - the £33m convertible bond issue, now fully converted, a £150m unsecured multiple option facility - the end effect is to leave the group both with a bigger portfolio and plenty of cash.

Analysts calculate that British Land's gearing is now down to less than 35 per cent. Mr Ritblat himself commented that "we can support big deals without resorting to paper". The last he tried was a bid for the Fleming Property Unit Trust which eventually went to Scottish Provident Institution for £204m cash.

Where he will move next is not clear. Speculation, originating in Tokyo, is that a deal could be signed with Sumitomo Bank, with which British Land now has a normal banking relationship, and Shimuzu, the contracting group which last year had contracts of $7.12bn, of which $761.4m came from abroad, for a joint venture company.

Such co-operation between British property groups and Japanese construction companies is a developing trend on the UK market - witness the links between Glengate and Kumagai Gumi and between City Merchant Developers and Nissho Iwai. And Sumitomo Bank is beginning to carve a niche for itself on the property market.

More generally, British Land is strong enough to be bold, although it will never be less than careful. "The market moves in cycles - you can't stay stuck in it. Our experience is that if you've got cash and facilities and try to anticipate the markets, you make money," observed Mr Ritblat.

Within that framework, there is one thing certain. British Land will be looking for freehold properties. Although it has stakes - Paternoster Square and 1 Finsbury Avenue in the City of London, for example, its style is outright ownership.

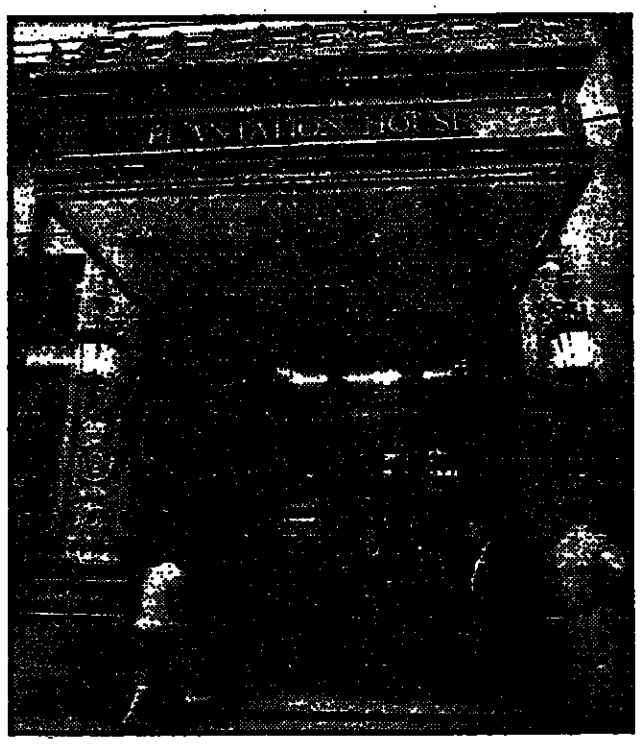
This is quite different from companies like Arlington, Rosehaugh and Stanhope where there is no hesitation in setting up associate companies so that the risks, and indeed, the rewards, of a development are less.

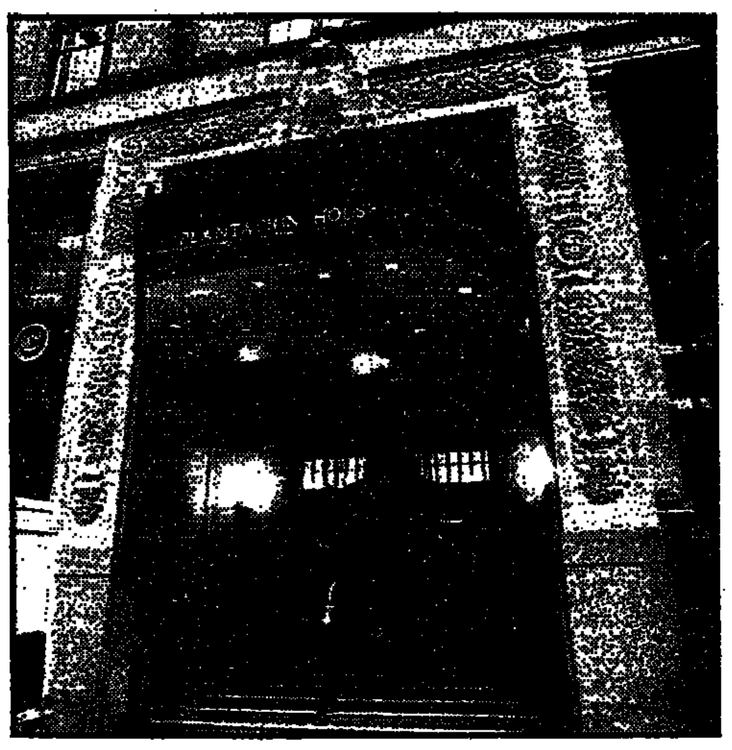
But it is a course which can only be adopted from the base of a strong balance sheet. It is a course followed by the longstanding investment companies like Land Securities, Hammerson, MEPC, Slough Estates.

And British Land, according to the latest annual report, has gross assets of £1bn, net assets of £551m and an investment property portfolio valued at £620m. Although 62 per cent of the property portfolio is in central London, the search for freeholds will go wider. "We're now thinking of buying more provincial properties," said Mr Ritblat.

There is no immediate hurry though. Management of the portfolio is aggressive in the sense that there is a £1bn new building and redevelopment programme in London which could add 2m square feet of new space to the portfolio. This embraces both new ventures, like the Brunel Centre in London Docklands, and opportunities which spring from the existing business, like the reconstruction of the Rank Xerox Tower at the Euston Centre.

But the management is also defensive in that it makes certain that the roll of rent-producing properties is kept up. If the going gets tough the developments can always be halted. "We're extremely well off," Mr Ritblat said.





PLANTATION HOUSE (above) one of British Land's core holdings in the City of London. The group earlier this year spent £37m to buy neighbouring buildings so that it now has a site of over 2 acres which could at some stage be redeveloped.

Planning permission had been granted for 565,000 square feet of offices before the acquisitions. Now there is a new application outstanding for 800,000 square feet.

Just over the road, the Prudential is planning a 900,000 square feet redevelopment of five buildings on three acres. The City Corporation's planning committee has recommended approval and work should start next year for completion in 1990 when the completion value will be around £400m.

What both sites have in common is the fact that the owners have held them for a long time - British Land since 1971 and the Pru since 1970. So they have a huge financial advantage over newcomers to the City.

Mr Ritblat thinks Plantation House could be redeveloped for around £120m, an amount relatively easily absorbed given the size of the British Land balance sheet. It is valued as an investment by Weatherall Green and Smith at £200m, Mr Ritblat said, "but if we realised it and sold it, it would be more like £400m."

British Land is thought to have received at least two firm offers from Japanese interests, one of which was for about £350m. Plantation House is not in fact for sale, but it is saleable - like other parts of the British Land portfolio.

"There's nothing sacred," said Mr Ritblat.

If, as he put it, Plantation House were to be sold "at a level which anticipates the immediate future", or, to say it another way, the price was rather more than £350m, and if the proceeds were dealt with in a tax-efficient way, there could be advantages in a sale.

Tax efficiency should not be a problem. The group prides itself on being consistently good at it. And the advantages of sale would be, as Mr Ritblat lists them, the provision of cash for counter-cyclical investment, colossal profits on the revenue account, no gearing and no borrowing.

Holding or selling: it is an agreeable choice to make. Either way there need be no hurry

International Property

Motors

Company Notices

Svenska Cellulosa Aktiebolaget SCA

Shareholders in Svenska Cellulosa Aktiebolaget SCA are hereby summoned to an Extraordinary Meeting of Shareholders to be held in the Mauer Room of Svenska Handelsbanken, Kungsträdgårdsgatan 2, Stockholm, Sweden, on Friday, October 30, 1987, at 1 p.m.

Notice of intention to attend, etc.

Shareholders who intend to participate at the Meeting must be listed in the register of shareholders maintained by the Swedish Securities Register Center (VPC) no later than Tuesday, October 20, 1987 and notify SCA no later than 4 pm on Monday, October 26, 1987 either by mail to SCA, KSI, S-851 88 Sundsvall, Sweden, or by telephone at + 46 60 19 30 00 or 19 31 16.

To participate at the Meeting, shareholders whose shares have been registered in the names of nominees must temporarily re-register the stock in their own names at VPC. Such re-registrations must be in effect no later than Tuesday, October 20, 1987.

Agenda

Matters to come before the Meeting will include:

1. Election of Meeting Chairman;
2. Preparation and approval of list of voters;
3. Election of two minutes-checkers;
4. Determining whether the Meeting was validly convened;
5. The matter regarding the approval of the Board's decision to increase the Company's share capital by up to SEK 70,935,425 through a new issue of stock with a par value of SEK 25, on the following main conditions:
   Company shareholders will have the preferential right to subscribe for one new share of stock for every twenty old shares. Holders of old Class A stock will be entitled to subscribe for new Class A stock. Holders of old Class B stock will be entitled to subscribe for restricted Class B stock. However, holders of non-restricted Class B stock who are not Swedish citizens or who otherwise are not permitted to acquire restricted stock are entitled to subscribe for non-restricted Class B stock.
   - Subscriptions for the stock will take place from November 23 to December 16, 1987, during which time shareholders shall exercise their preferential rights.
   - The new stock will be issued at a quotation of SEK 200 per share. Payment for the subscribed stock will be in cash and shall accompany the application for the subscription. November 6, 1987 has been set as the record date for determining which shareholders are entitled to the preferential right to subscribe for the new stock.
   - Holders of SCA's 7% convertible 1983/93 bond loan and holders of SCA's series 1 and 2 warrants wishing to participate in the new stock issue must convert and subscribe, respectively, no later than October 26, 1987.
   - The new stock shall be first entitled to dividends accruing for the 1988 business year.
6. The matter regarding the authorization for the Board to decide, prior to the 1988 Annual General Meeting of Shareholders, on a new issue of up to 1,800,000 shares of Class B non-restricted stock on the American capital market and to thereby vary from shareholders' preferential rights.

The Board's decision on the new stock issue and the proposal regarding the authorization, as well as the documents prescribed by Chapter 4 § 4 of the Companies Act, will be available at SCA Headquarters, Skepparplatsen 1, Sundsvall, Sweden, beginning on Friday, October 23, 1987.

Sundsvall, October 1987

THE BOARD

ANNOUNCEMENT

Bulgarian Bonds

National Westminster Bank, London have been authorised to make the following announcement:

1. The Government of the People's Republic of Bulgaria make the following Final Offer of Settlement to United Kingdom Nationals in respect of bonds of the following foreign public loans of the Principality of Bulgaria and the Kingdom of Bulgaria:

(a) Foreign public loans	(b) Foreign public guaranteed loans
6 per cent State Mortgage Loan 1892	5 per cent Bulgarian Loan 1896
5 per cent Bulgarian State Gold Loan 1902	5 per cent Loan Municipality of Sofia 1906
5 per cent Bulgarian State Gold Loan 1904	5 per cent Loan Municipality of Varna 1907
4½ per cent Bulgarian State Gold Loan 1907	4½ per cent Loan Municipality of Sofia 1910
4½ per cent Bulgarian State Gold Loan 1909	
6½ per cent Bulgarian State Loan 1923	
7 per cent Settlement Loan 1926	
7½ per cent Stabilisation Loan 1928	

2. During the currency of the Offer, the Government of the People's Republic of Bulgaria will repurchase bonds of the above-mentioned Loans presented by persons who were United Kingdom nationals on September 16, 1987 by means of cash payments at the following rates:

Loans	Nominal Value of Bond	Payment
(a) Foreign public loans		
6% State Mortgage Loan 1892	Gold Francs 500	Fr fr 35
5% Bulgarian State Gold Loan 1902	"	"
5% Bulgarian State Gold Loan 1904	"	"
4½% Bulgarian State Gold Loan 1907	"	"
4½% Bulgarian State Gold Loan 1909	"	"
6½% Bulgarian State Loan 1923	French Francs 500	"
7% Settlement Loan 1926		"
Sterling issue	Pounds Sterling 100	Pounds Sterling 40
US dollar issue	US dollars 500	US dollars 35
7½% Stabilisation Loan 1928		
Sterling issue	Pounds Sterling 100	Pounds Sterling 40
US dollar issue	US dollars 500	US dollars 35
French issue	Poincaré Francs 2,500	Fr fr 175
(b) Foreign public guaranteed loans		
5% Bulgarian Loan 1896	Gold Francs 500	Fr fr 35
5% Loan Municipality of Sofia 1906	"	"
5% Loan Municipality of Varna 1907	"	"
4½% Loan Municipality of Sofia 1910	"	"

and so in proportion for bonds of other denominations.

The full amounts due will be paid within 30 days of acceptance of the Offer and surrender of the bonds and such payments shall constitute final settlement.

3. United Kingdom Nationals means:
(a) British citizens, British dependent territories citizens, British Overseas citizens, British Nationals (Overseas), British subjects and British Protected Persons; and
(b) corporations and unincorporated associations constituted under the laws in force in the United Kingdom of Great Britain and Northern Ireland or in any territory for whose international relations the Government of the United Kingdom are responsible.

4. This Offer will remain open for acceptance as from October 16, 1987 until October 15, 1989.

5. Holders of Bonds who decide to accept this Offer should submit their Bonds to the Paying Agent, National Westminster Bank PLC, Stock Office Services, National Westminster House, Station Way, Crawley, West Sussex, RH10 1JE with a completed Form of Acceptance together with a declaration certifying that the Bondholder was a United Kingdom National on the 16th September 1987.

In cases where coupons relating to a Bond are not presented with the Bond a statement of the reason for their non presentation should be made.

(Copies of the Offer and the appropriate Form of Acceptance may be obtained from the Paying Agent).

PETROLEOS MEXICANOS

125,000,000 Floating Rate Notes 1991
FOR SIX MONTHS

In accordance with the provisions of the Notes notice is hereby given that the rate of interest has been fixed at 9¼ per cent per annum. Interest payable 14 April 88 against Coupon No. 14 will be US$235.10 against 5,000 Note

by Chemical Bank London Agent Bank

US BUDGET DEFICIT

J H Makin spotlights the perils of Washington's 'spend now, pay later' policies

Why the US must tailor its budget deficits

AMERICA AND the world will be especially in need of great leaders for the balance of the twentieth century. This is because we have, for at least the past 25 years, had skilful politicians masquerading as great leaders.

Nowhere has this distance between aspiration and realisation been more clearly demonstrated than in America's five year struggle to bring its spending into line with its income.

The new balanced budget law, advertised as a means to restore teeth to the 1985 Gramm-Rudman-Hollings law, does nothing of the sort.

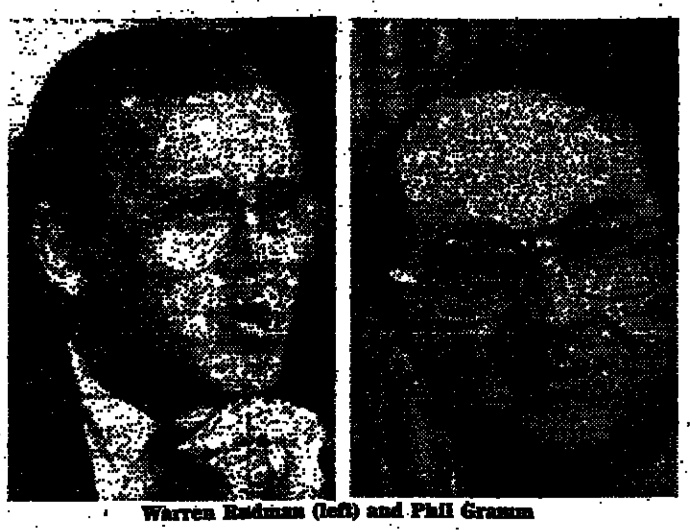
It was aptly described by Senator Pete Domenici of New Mexico, the ranking Republican on the budget committee, as "a six-year game plan to a balanced budget when we have no fixed targets in the first two years." Senator Domenici opposed the proposal, although he was a strong supporter of the original Gramm-Rudman-Hollings law.

Everyone close to the American budget process knows that deficit cutting has been put aside until after next year's presidential election. The President made it official when he signed the news toothless budget bill on Septedmber 29.

Cleverly, Congress had sent its bill, touted as deficit reduction medicine, to the President just as finance ministers and financiers from all over the world were converging on Washington for the annual meeting of the International Monetary Fund and World Bank.

The bill included a provision to increase the United States debt limit from \$2,300bn to \$2,800bn enough to accommodate Treasury borrowing into the first half of 1989.

By signing the bill, the President avoided having some of America's biggest creditors watch from ringside seats in Washington as the Congress scurried to pass, in just three days, yet another debt ceiling extension needed to avoid a default on interest payments on America's debts.



Warren Rudman (left) and Phil Gramm

It would be bad form to demonstrate clearly for the major buyers of Treasury securities that Congress and the President are so far apart on budget policy that they regularly have threatened each other with financial suicide by tying budget measures to debt ceiling extensions required to continue paying interest on America's \$2,300bn national debt.

The new budget measure comes complete with deficit targets that proceed linearly to zero by 1993.

Quibblers will notice that the fiscal year 1988 target has slipped to \$144bn from the Gramm-Rudman-Hollings lebel of \$108bn. The FY 1989 target for the fiscal year beginning October 1988, and therefore, the focus of budget discussions during a Presidential election year, has slipped a whopping \$64bn from \$72bn to \$136bn.

Sadder than the slippage is the extremely low probability that these "slipped" targets will be met. Congress has virtually assured that deficits will grow in 1988 and 1989.

First, it has specified that \$23bn in FY 1988 and \$36bn in 1989 are maximum amounts that can be sequestered. Second, it has specified that, prior to sequestration, the "sequester baseline" will be raised by amounts necessary to reflect inflation and to protect pay increases of US government employees.

These two provisons will virtually eliminate the impact on expenditure of the so-called sequester. If inflation runs at 5 per cent and the sequester base is \$350bn, the inflation adjustment alone adds \$17.5bn to the baseline. Add another 1 per cent, or \$3.5bn, to protect Federal pay for a total baseline adjustment of \$21bn and the maximum FY1988 \$23bn sequester cuts outlays by a net of \$2bn.

There's more. In case the Congress does not like the outcome of the new, toothless budget bill, there is an escape clause by means of which it can modify the final Presidential sequester order.

Within 10 days after issuance of the final sequester report, the Majority leader in either the Senate of the House can introduce a joint resolution directing the President to modify the sequester order. This modification does not even go through the budget committee of the House or Senate.

What will Congress' abandonment of deficit reduction mean for US budget deficits over the next two years? Depending on the behaviour of interest rates, inflation and the economy, FY 1988 and 1989 deficits will lie in the \$180-\$210bn range.

True, the FY 1987 deficit at around \$155bn represents a sharp improvement from the \$221bn of 1986. But about \$36bn, over half of that cut, comes from one-time-only revenues tied to tax reform (about \$18bn due largely to a surge of capital gains at the end of 1986) and asset sales, loan prepayments and spending shifts.

The 1987 deficit reduction was also aided by strong social security payroll tax receipts, lower than expected interest rates and continued modest economic growth.

Excluding the projected FY 1988 \$38bn in net revenue for social security, the budget deficit projected for 1988 by the Congressional Budget Office will be \$221bn. The social security surplus of \$38bn that should be earmarked for the retirement surge of baby boomers around 2015 should not be counted as revenue.

In fact, like the Japanese, America with its \$6,000bn-\$7,000bn in unfunded liabilities to future recipients of social security should not count as revenues the \$242bn in FY 1988 payroll tax receipts when trying to measure its true fiscal position.

Such "capital budgeting" ideas touted earlier in this year's budget season were dropped once the liability side of America's balance sheet was examined.

America's leaders, confronted with an election season during which they lack the will to confront difficult yet urgent choices on budgtary matters, have chosen to pay later rather than pay now.

No doubt they have accurately measured the pulse of an electorate that, by its own behaviour, clearly demonstrates a preference to let its children pay later.

More than ever it seems that we shall await the worst possible time, a recession, to initiate measures aimed at deficit reduction.

At that time, the deficit will rfise to about 6 per cent of a \$5,000bn GNP, or about \$300bn in 1989. The time for credible prospective deficit reduction measures will have passed and Americans will end up setting aside \$250bn a year just to pay interest on their government's debt.

Maybe the Congress really is trying to speed up deficit reduction after all.

The men and women in that reactive institution know that decisive measures are impossible without a real crisis. The Gramm-Rudman-Hollings "non-fix" of 1987 will result in higher interest rates that will help to speed up the onset of a recession.

The resulting budget crisis will generate some action to cut deficits after the recession. The cost of paying later will be an extra \$100bn a year in interest charges on the national debt, much higher taxes, and a choice between a significantly reduced leadership role for the United States in the world.

Americans and their allies around the world would do well to start thinking about that choice now. So, too, would the field of American presidential candidates since one of them will be confronting such choices in January of 1989.

The author is Director of Fiscal Studies at the American Enterprise Institute, Washington D.C.

Notice of Redemption

Weyerhaeuser Capital Corp. N.V.

11½% Guaranteed Notes Due 1990

NOTICE IS HEREBY GIVEN that, pursuant to Section 3.01 of the Indenture dated as of November 15, 1983 (the "Indenture"), among Weyerhaeuser Capital Corp. N.V. (the "Company"), Weyerhaeuser Real Estate Company (the "Guarantor") and Chemical Bank, as Trustee (the "Trustee"), the Company has elected to redeem and will redeem on November 17, 1987 (the "Redemption Date"), all of its 11½% Guaranteed Notes Due 1990 (the "Notes"), at the redemption price of 101% of the principal amount thereof plus accrued interest to the Redemption Date.

On and after the Redemption Date, the Notes will become due and payable upon presentation and surrender thereof, with the November 15, 1988 and subsequent coupons attached at the office of Chemical Bank, 180 Strand, London or the principal offices of Chemical Bank in Paris, Frankfurt am Main and Zurich, or at the principal office of Banque Generale du Luxembourg S.A., in Luxembourg or Banque Bruxelles Lambert S.A., in Brussels.

Interest on the Notes shall cease to accrue from and after the Redemption Date and all coupons maturing on and after November 15, 1988 shall be void. Coupons maturing on November 15, 1987, should be detached and surrendered for payment in the usual manner.

Weyerhaeuser Capital Corp. N.V.
By: Chemical Bank, as Trustee

Dated: October 16, 1987

CANADIAN NEWSPRINT

Robert Gibbens on a turnround at the Canadian newsprint producer

Bright outlook for revitalised CIP

CIP, Canada's second largest and least-known newsprint producer with estimated 1987 sales of C$2bn (US$1.53bn), is emerging with newfound vitality from five years of penury.

Debt is down, profits are up - with rising prices for almost all paper products - and speculation continues that in the medium term its parent, Canadian Pacific, will take it public.

CIP is an established company with mills and converting plants mainly in eastern Canada. It will soon be the first eastern company to produce newsprint in the west.

The company has started work on a newsprint mill - with an annual capacity of 230,000 tonnes and a thermomechanical pulping unit - alongside its existing Gold River bleached cross pulp mill, situated on the west coast of Vancouver Island.

The existing pulp mill, with annual capacity of 235,000 tonnes, will continue to sell to customers in North American and overseas markets.

The Gold River newsprint project, costing C$366m including working capital, will have infrastructure for a second machine to be added when the fast-growing markets on the US west coast and Asia absorb the output.

Mr Cecil Flenniken, chairman, said CIP completed the detailed feasibility studies for Gold River and lined up several US partners in six months.

The 335.6-in trim-width Beloit machine now on order will run at average speeds of 4,200 ft a minute. Man hours per tonne of output will be around 1.2, compared with four to five in the more modern mills in Canada.

This productivity rate, if achieved, will be competitive with any new mills in Scandinavia or the US.

An energy deal is being negotiated with British Columbia Hydro.

Mr Flenniken will not divulge the identity of Gold River's US partners, though one is a leading distributor. They will take up to 70 per cent of the output and will be minority owners of the mill.

Gold River is not the only gleam in the chairman's eye. CIP, buttressed by rising product prices, is keenly interested in newsprint made from kenaf, a non-wood fibre that grows to a height of 10 ft in less than three months in the southern US.

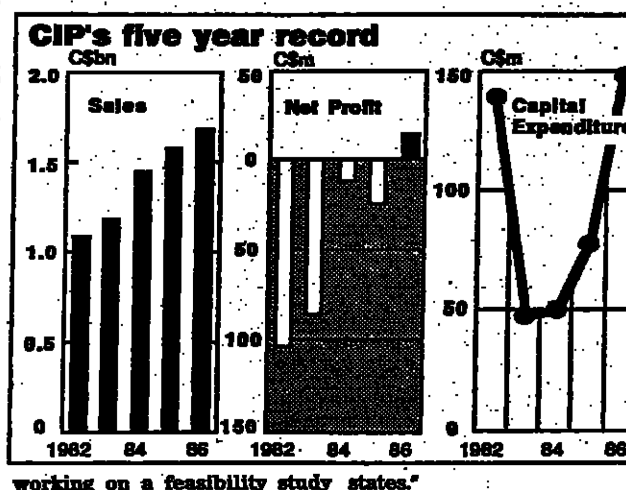
CIP, in co-operation with US interests, is believed to be working on a feasibility study for a kenaf mill. The plantations are already in place.

The fibre, which is grown in south Texas, must be turned into pulp in Ohio then shipped to a CIP mill near Montreal for conversion into newsprint, the proportions being 90 per cent kenaf and 10 per cent bleached softwood pulp.

The newsprint has been used by several US newspapers on a trial basis. It provides remarkable sharpness and clarity in colour reproduction and not only is it whiter than standard sheet but newsprint made from kenaf can be stored almost indefinitely without fading or turning yellow. It also takes less ink to print on kenaf newsprint.

Mr Flenniken said: "We know how to grow kenaf and how to harvest it with corn-cutting equipment. But we need a lot more confidence that it can be delivered to the mill efficiently.

"We are very interested but we are not yet ready to commit the hundreds of millions of dollars it would take to build, say, a 200,000-tonne mill and newsprint machine in the south states."



Mr Flenniken joined CIP in the early 1970s, when it was owned by International Paper of the US and was being put through the wringer during a down-cycle.

The company was acquired in 1981 by Canadian Pacific for C$1.1bn. It had little debt then and the market was still booming.

CP arranged the deal so that most of the cost, or about C$850m, became CIP direct debt.

But soon the 1982 recession battered CIP and the company dug itself in for five years, shut down uneconomic plants, trimmed overheads and concentrated about C$600m of spending on making the surviving pulp, newsprint and paper products operations competitive.

CP pumped more equity into CIP to reduce the interest burden, and then late in 1985 relief came as world pulp prices began to recover from their all-time low of 1982.

The posted North American newsprint price will rise to US$650 a tonne on January 1, and many observers see a further increase before 1988 is out.

CIP's debt-equity ratio is down to about 30:70 and the company earned C$44m in the first half of 1987. It will do much better in the second half, and Mr Flenniken is optimistic about 1988.

The only uncertainty is the possibility of a North American economic downturn in 1989.

With Gold River hopefully in operation by autumn 1989, CIP will have nearly 1.5m tonnes of newsprint capacity, 400,000 tonnes of market pulp, 400,000 tonnes of paperboard and packaging, 80,000 tonnes of tissue products, four mills and a hardboard plant.

Mr Flenniken said CIP could afford Gold River and big spending on modernisation and expansion at its other mills because of a turnround in profitability.

With Gold River, capital spending will double to well over C$300m a year in the 1989-1990 period. It is near to a decision on a big modernisation development at its New Brunswick newsprint mill, one third of which is owned by Oji Paper and Mitsui of Japan.

But CIP's chairman would not comment on when the company might go public.

"That depends entirely on the parent company," he said.

Royal Trustco has strong third quarter

BY DAVID OWEN IN TORONTO

ROYAL TRUSTCO, Canada's second largest trust company which is part of Peter and Edward Bronfman's far-reaching empire, reported a 32 per cent rise in net third-quarter income this week on the back of strong growth in both the international and domestic business divisions.

Net income for the quarter ended September 30 totalled C$49m (US$37.7m) or 32 cents per fully diluted share, up from C$37m or 26 cents a year earlier. Total revenues reached C$573m in the latest period, compared with C$477m in the correspondingh 1986 period.

Mr Michael Cornelissen, president and chief executive, expressed particular pleasure at the performance of the company's international operations, whose income, he said, "is well ahead of 1986. "Contributions from last year's acquisitions," he added, "are well ahead of expectations."

Royal Trustco has been expanding rapidly into new product areas both in advance and in the wake of Canada's ongoing deregulation of the financial services industry. Total assets at the end of the latest period were C$22.2bn, compared with C$19.1bn at the end of the 1986 third quarter. Total assets under administration, meanwhile, had risen to C$88.8bn, against just C$66.4bn a year ago.

Earnings in the nine months to September 30 totalled C$143m or 96 cents a share, on revenues of C$1.65bn. This compared with C$117m or 83 cents a share on revenues of C$1.32bn in the corresponding 1986 period.

APPOINTMENTS

Reorganisation at Allied Dunbar

Allied Dunbar has formed a new division, ALLIED DUNBAR ASSET MANAGEMENT(ADAM). This replaces three former departments at Allied Dunbar and integrates all the group's investment management operations. The chairman and chief executive of ADAM will be Mr Hugh Jenkins. Mr Harry Littlefair becomes vice chairman. Following the appointment of Mr Raymond Stokes, formerly with Murray Johnstone, as director European/ international investment, a further director is being added to the board. Mr Howard Goldring, previously director of UK equities at Midland Montagu Asset Management, joins ADAM and is appointed to the board as a UK equity director.

*

Mr Martin Vaux has joined RIVLIN as group chief accountant form the Corporation of Lloyds.

*

OXY-DRY CORPORATION of Chicago, US, has appointed Mr Anthony Houchen, formerly with McCorquodale, as managing director of its UK subsidiary Oxy-Dry (UK).

*

Mr David Metcalfe has been appointed to the executive board of TRADE PROMOTION SERVICES. Former joint managing director Mr John Williams has become chairman.

*

Mr A.R.Grant has been appointed managing director of GEC INSTALLATION EQUIPMENT based at Liverpool. Mr Grant, who succeds Mr N. Sceular, was previously director and general manager of the company's fusegear division.

*

Mr Barry Fitzgibbon has been appointed managing director of COOPER ESTATES.

*

PROMARK (GROUP) SECURITIES has made the following changes: MR Stan H. Cole resigns his managing directorships, but remains chairman of the group and its subsidiaries. Mr Martyn R. Strawford becomes managing director of Midland Magazines. Mr Michael Croffrey is appointed operations director of Hadley Books. Mr Michael J.Strawford is appointed distribution director of Hadley Books and Mr Anthony J. Southwell has become managing director of Stan Hadley. Mr Richard J. Sheward has been made operations director at Stan Hadley. Mr John R. Darby and Mr Dennis J. Battelley are appointed non-executive directors with Mr Martyn Melling, financial director of Promark Investment Management.

*

The SHIELD GROUP has appointed Mr R.A.M. Lederman to its board.

*

Mr Bryan R.J. Wakeham is resigning as deputy chairman and a director of LESLIE & GODWIN MARINE, but will remain a director of LESLIE & GODWIN and will have consultancy responsibilities for certain specific accounts.

*

THOMAS LOCKER has appointed Mr Harrison Blair a director.

*

At TOWRY LAW & CO Mr David Ainslie and Mr Iain Henderson have been made directors.

*

The commercial functions of the two companies in the BEATRICE POULTRY GROUP - Butterball Foods and Hinton Poultry - are to be combined and a new board structure introduced. The board will comprise Mr Andrew Ditcher, managing director, Mr Gerry Feenan, sales director, Mr Chris Lamb, marketing director, and Mr Graham Threlfall, operations director, Hinton Poultry.

*

Mr Owen Rich, deputy chairman of ALFRED MCALPINE, retires from the board on October 31. He remains on the board of Alfred McAlpine Construction and continues as chairman of Alfred McAlpine Pension Trustees. Mr Tony Scurr will be appointed deputy chief executive of Alfred McAlpine Minerals on the same date. Mr Scurr is divisional director of Alfred McAlpine Minerals. Mr Euan McAlpine, a director of Alfred McAlpine Minerals and formerly managing director Alfred McAlpine Homes East, will be apppointed the board of Alfred McAlpine, and succeeds Mr Scurr as managing director of Alfred McAlpine Minerals.

*

Mr Stephen C. Knight has been appointed chairman and managing director of PRIVATE LABEL MORGAGE SERVICES. Mr Godfrey Blight has become head of sales.

*

Mr Stuart Hepburn has been appointed a senior fund manager by GARTMORE PENSION FUND MANAGERS.

*

BAKER & MCKENZIE has admitted the following as partners in its London office: Mr Christopher Bown, Mr Nigel Carrington and Mr Jeremy Winter.

*

On November 1 Mr Brian D. Stanley, director, aviation, Kuwait Petroleum International Aviation Co in London, is appointed managing director of KUWAIT PETROLEUM (GB). Mr John F.M. Auld, formerly managing director of Ultramar Golden Eagle, is appointed director - aviation, Kuwait Petroleum International, replacing Mr Stanley.

FT LAW REPORTS

Commercial case cannot change courts

MORGAN GUARANTY CO OF NEW YORK v HADJANTONAKIS AND ANOTHER

Queen's Bench Division (Commercial Court): Mr Justice Hirst: October 12 1987

AN ACTION started in the Commercial Court will not be transferred to another Division of the High Court for the purpose only of achieving an earlier hearing.

Mr Justice Hirst so held when refusing an application by the plaintiff, Morgan Guaranty Co of New York, for transfer of its action against defendants, Mr Demetre Hadjantonakis and Mr Ioannis Katsikis, from the Commercial Court to the Chancery Division, or to the general Queen's Bench list.

HIS LORDSHIP said that Morgan Guaranty claimed $1.189m under a supplemental personal guarantee by which the defendants had guaranteed performance by a shipping company of a supplemental loan agreement. The original agreement was for loan of $3m for the purchase of a ship by the company. The supplemental agreement related to an outstanding debt of $1.76m.

The issues in the action were whether there was an agreeement that the guarantees would not be enforced; whether there was an agreement that they would not be enforced in England; and whether the alleged non-enforcement term and jurisdiction term survived execution of the supplemental guarantees.

Morgan Guaranty issued an Order 14 summons, which was heard by Mr Justice Saville on September 16 1986. He held there was no arguable defence under the alleged non-enforcement term, but that there was an arguable case for a stay under the alleged jurisdiction term.

On September 22 the defendants, for the first time, applied for a stay. The application was refused by Mr Justice Evans.

There were appeals from both orders. The Court of Appeal (*[1987] 2 FTLR 78*) said the action was in a tangle because of inconsistency between an application for final judgment under Order 14, and concurrent acknowledgment that evidence might ultimately show the English court had no jurisdiction; and because of the different criteria on an application for summary judgment and an application for a stay.

The Court of Appeal allowed both appeals and directed that the judge in the Commercial Court should decide how the case would be conducted.

It was now common ground that the sensible course was for all factual issues concerning non-enforcement and jurisdiction, should be tried together. The estimated duration of trial was 10 working days.

The probable date of trial, having regard to the state of the respective lists, would be: Chancery Division - summer 1988; general Queen's Bench list - summer 1989; Commercial Court - early 1989.

Mr Stamler for Morgan Guaranty argued it was entitled to the speediest possible trial, and that the court should look favourably on an application for transfer, unless there were special aspects of unfairness to the defendants, or of inconvenience to the transferor or transferee courts.

The jurisdiction of the Commercial Court was governed by Order 72 of the Rules of the Supreme Court. It provided that "commercial action' includes any cause arising out of the ordinary transactions of merchants and traders... construction of a mercantile document...banking...and mercantile usage."

In *Zakhem International Construction Ltd v Nippon Kokkan KK, May 11 1987* Mr Justice Staughton said that difficulty arose from "includes" which indicated that other actions might be commercial beside those listed.

His practice was to consider whether a judge with experience of business disputes would try the case more efficiently than any otherjudge.

He said "I would not think it right to grant an application for transfer solely on the ground that waiting time is less elsewhere; there must be something more than that, if only a scintilla of a suggestion that the action would be better tried in another court, or perhaps some special need for haste."

Mr Stamler submitted that the present case fell within the criteria for transfer laid down by Mr Justice Staughton. If that were wrong, he submitted, the judge's approach was erroneous and the court should decline to follow it.

With regard to the latter point, Mr Stamler said the purpose of the Commercial Court was to meet the special problems of the commercial community. That purpose was not served by the Commercial Court retaining actions which could properly and more speedily and conveniently be tried elswhere.

Mr Justice Staughton's decision was given only five months ago. It was important in matters of procedure that the Commercial Court should speak with one voice and avoid uncertainty. If the principle laid down so recently by Mr Justice Staughton were wrong, it would be for the Court of Appeal to say so.

The present court agreed wholeheartedly with Mr Justice Staughton's decision and reasoning.

If Mr Stamler's propositions were adopted, further applications would inevitably follow and it was difficult to see why any distinctions should be drawn once the precedent had been created.

The Commercial Court judge would thus end up unilaterally imposing a redistribution of work without any overall view of the implications, in particular of the effect on the pattern of work elsewhere.

Such a radical shift of work loads should not be undertaken without the benefit of a synoptic view, without which it was impossible to make a proper evaluation of the more convenient administration of justice.

With regard to the application of the judge's statement of principle, the foremost consideration was whether the action was a commercial case.

The question whether the non-enforcement term and jurisdiction term were agreed and, if agreed, whether they survived the supplemental agreements, must be considered against the background and in the context of normal banking practice, and the normal canons of conduct of borrowers and guarantors when negotiating loans for ship purchases.

Those were just the sort of matters which, to adopt Mr Justice Staughton's test, fell within the experience of Commercial judges in trying business disputes.

The next question was whether there were any special considerations in favour of a transfer.

Mr Stamler cited the delays which had already taken place.

It was not a case where the plaintiffs would suffer financial hardship or any other special disadvantage in the absence of a speedy trial. Consequently delay, past or prospective, was not a legitimate special factor.

The background and context against which the issues had to be judged was within the banking and shipping world, with which the Commercial Court customarily dealt.

No valid case for transfer to the Chancery Division, nor to the general Queen's Bench list, had been made out. The application was refused.

For Morgan Guaranty: Samuel Stamler QC and Catherine Otton-Goulder (Watson Farley & Williams)

For the defendants: David Hunt QC (Constant & Constant)

By Rachel Davies

Barrister

THESE REPORTS are published in volume form with the full text of judgments. For subscription details contact Kluwer Law Publishing, Africa House, 68 Kingsway, London, WC2B 6BD. Telephone 01-831 0391

Company Notices

GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)
A MEMBER OF THE GOLD FIELDS GROUP

(Registration No. 05/04181/06)

SUBDIVISION OF SHARES OF GROUP GOLD MINING COMPANIES

At the annual general meetings of the undermentioned companies held on 12 October 1987, the following special resolutions were passed:—

Company	Increasing Authorised Capital	Subdivision of Shares
Doornfontein Gold Mining Company Limited (Registration No. 05/24709/06)	From R10 500 000 in 10 500 000 shares of R1 each to R11 250 000 in 11 250 000 shares of R1 each	From 11 250 000 shares of R1 each to 45 000 000 shares of 25 cents each
Libanon Gold Mining Company Limited (Registration No. 05/08381/06)	From R8 000 000 in 8 000 000 shares of R1 each to R9 000 000 in 9 000 000 shares of R1 each	From 9 000 000 shares of R1 each to 45 000 000 shares of 20 cents each
Venterspost Gold Mining Company Limited (Registration No. 05/05632/06)	From R5 050 000 in 5 050 000 shares of R1 each to R6 250 000 in 6 250 000 shares of R1 each	From 6 250 000 shares of R1 each to 25 000 000 shares of 25 cents each
Driefontein Consolidated Limited (Registration No. 68/04880/06)	Not Applicable	From 110 000 000 shares of R1 each to 220 000 000 shares of 50 cents each

Circulars containing forms of surrender have been posted to the respective registered shareholders of the companies and shareholders should submit the completed forms of surrender together with their share certificate(s)/document(s) of title to the Transfer Secretaries at the address shown on the forms of surrender.

The Johannesburg Stock Exchange has agreed to amend the listings of the Doornfontein, Libanon, Venterspost and Driefontein Consolidated shares with effect from 9, 16, 23 and 30 November 1987, respectively. Similar applications have been made to the Council of The Stock Exchange, London, to effect the necessary amendments to the listings of the companies' shares on that exchange.

Deals on The Johannesburg Stock Exchange and on The Stock Exchange, London, until the close of business on 6, 13, 20 and 27 November 1987, in respect of each of these companies respectively, will be in existing share certificates and deals with effect from 9, 16, 23 and 30 November 1987, respectively, will be in new share certificates.

Registered and Head Office:
75 Fox Street
Johannesburg
2001

London Office:
31 Charles II Street,
St James's Square,
London SW1Y 4AG

United Kingdom Registrar:
Hill Samuel Registrars Ltd,
6 Greencoat Place
London SW1P IPL

15 October 1987

UP TO US$300,000,000 CHRYSLER FINANCIAL CORPORATION FLOATING RATE NOTES DUE 1991 OF WHICH US$200,000,000 IS THE INITIAL TRANCHE

For the six months period October 14, 1987 to March 14, 1988 the notes will carry an interest rate of 9⅝% per annum with an interest amount of US$476.56 per US$10,000 note and of US$4,756.53 per US$100,000 note.

The relevant interest payment date will be March 14, 1988.

Banque Paribas (Luxembourg) S.A.
Agent Bank

AUSTIN REED GROUP PLC

Notice is hereby given that the Register of Members will be CLOSED and the registration of transfers of ALL CLASSES of shares will be suspended from 27 October 1987 up to and including 1987 both dates inclusive. By Order of the Board. G. J. Tubb, Secretary.

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Dated 15th October 1987

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
16	17	18	19	20	21	22

Exhibitions

LONDON

The Tate Gallery. Turner in the new Clore Gallery: The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more ostentatious age, and the tasteful oatmeal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

PARIS

Bibliotheque Nationale: Fine Prints in France from the 16th to the 19th Century. More than 200 impressions of exceptional quality from the print department of the Bibliothèque Nationale show the infinite possibilities of artistic expression through varied techniques of printmaking. The panorama ranges from early engravings showing strong Flemish, German and Italian influence to the majestic Grand Siècle style under Louis XIV, from Boucher's pastel-hued *sujects galants* to the modernity of Toulouse-Lautrec and the striking colours of Bonnard. Bibliothèque Nationale, Galerie Mansart, 58 rue Richelieu. Ends Nov 2.

Fragonard: The Grand Palais is staging the first retrospective of Fragonard in collaboration with the Metropolitan Museum, New York. About 100 paintings and as many drawings celebrate the artist's love of beauty, in which he saw a manifestation of "nature's perfect health". The depth of observation in his Roman landscapes, mythological scenes and portraits counterbalances the decorative facility of the Scenes Galantes so typical of the 18th century. Grand Palais. Ends Jan 4.

Artcurial presents a panorama of 12 years of its activities in favour of contemporary art as a gallery, a library and as an editor of "multiple originals" of statues and jewels, contemporary furniture, Sonia Delaunay's personal dinner plates and a 1930 carpet. The gallery's exhibitions have tried to present the image of the 20th century. Sonia Delaunay was followed by Giorgio de Chirico, Zadkine's retrospective by Man Ray photographs. There was sculpture by Chadwick and the art of the poster by Matisse. All culminated in a homage to the late President Pompidou – like Artcurial a lover of the avant-garde. Artcurial, 9 Ave Matignon (4299 1616). Ends Nov 14.

Corbusier: The Centre Georges Pompidou celebrates the centenary of the birth of Le Corbusier with an exhibition on its fifth floor which gives a global view of the man and his work; more than 60 models of buildings – 15 of them originals – together with drawings and photographs of his main projects, illustrate his controversial architectural concepts. There is also a reconstruction of an apartment from l'Unite d'Habitation de Marseille, an apartment built and furnished by the artist whose revolutionary motto was "L'utile n'est pas le beau". Closed Tues, ends Jan 3.

Francis Bacon: for his return to Paris, Francis Bacon is showing four triptychs among the 11 canvasses painted between 1984 and 1987. There is a self-portrait, a bullfight and a soberly dressed President Wilson next to Trotsky's study – full of blood, needless to say. The artist who finds abstraction utterly boring continues to torture and distort the human figure. Galerie Lelong, 13 Rue de Teheran (4563 1319). Closed lunchtimes and mornings Saturday and Sunday. Ends Nov 22.

WEST GERMANY

Bonn, Rheinisches Landesmuseum, Colmantastraße 14–16: Sculpture from the German Democratic Republic (East Germany). A result of the cultural agreement of May 1986 between East and West Germany, this exhibition includes 130 sculptures, some of them larger than life, and about 60 paintings of sculptures by 51 artists, and covers four decades. It offers a view of graphic works that have not even been seen in East Germany before. Among the artists are Gustav Seitz, Fritz Cremer, Werner Stötzer, Hermann Glöckner, Waldeman and Sabine Grzimek, Ingeborg Hunzinger and Franziska Lobeck. The show will be in Bonn until October 18 and then to Munich (Staatsgalerie moderner Kunst, Nov 5–Jan 3) and Mannheim (Stadtische Kunsthalle, Jan 23–Feb 21).

Hildesheim, Roemer- und Pelizaeus-Museum, Am Steine 1-2. Egypt's rise to a World Power: More than 300 pieces loaned by 20 museums in Europe, Africa and America – the first presentation of the most important 150 years 1550-1400 BC of the New Empire in Egypt. The bust of Pharaoh Thutmosis III, discovered in 1907 without a face, can be seen complete in Hildesheim. The face, found in Egypt only 20 years ago, was loaned by a Cairo Museum. Another highlight is a reconstruction of the 3000 year old burial chamber of Sennefer, the former mayor of antique Thebes. Clothes, household appliances, tools, cosmetics and jewellery illustrate the everyday life of Egyptian citizens. Ends Nov 29.

ITALY

Rome: Two exhibitions which opened to coincide with the World Athletics Championships in Rome. The first, (until November 15), Athla and Athletics in Classical Greece at the Palazzo dei Conservatori at the Campidoglio recounts the religious origins of this sport in Greece and includes a handful of fine statues (including the extraordinarily modern discobolus of Castel Porziano) and vases, while the second, at the Museo della Civilta Romana (Piazza G Agnelli 10, Eur-Rome), entitled Sport in Antiquity recounts how the games gradually became an amusement for the masses and a means of self-advertisement for emperors. The museum in which it is housed is little-publicised and full of fascinating objects (Roman surgeons' and obstretricians' tools, weights and meansures and scale models of bridges, viaducts etc.). Ends October 25.

SPAIN

Barcelona: "Leonardo da Vinci. Nature Studies" 50 drawings on loan by the Royal Library at Windsor Castle, shown recently at the Metropolitan Museum, Stockholm and Tokyo. Centro Cultural La Caixa, Paseo de San Juan 108. Ends Nov 8.

Madrid: "Beuys, Klein and Rothko. Transformation and Prophecy". Centro Cultural de la Caixa, Serrano 60. Ends Nov 8.

Madrid: "Ouka Lele 1977-1987". A retrospective of Madrid's "movida," photographer with her colouring effects, shows her latest controversial piece "cibeles" requested by Madrid's town hall, halting the capital city's main square and causing a tremendous traffic jam last summer. Museo Espanol de Arte Contemporaneo, Avda Juan de Herrera. Ends Nov 3.

Madrid: "Mark Rothko 1903-1970". 54 works by North American artist of Russian origin grouped with de Kooning and Pollack. This show was seen recently at the Tate in London. Fundacion Juan March, Castello 77. Ends Jan 3.

Madrid: "Mies van der Rohe". 150 drawings by the architect to commemorate his birth was prepared by the Art Institute of Chicago and shown in Frankfurt and Paris last. Sala Mopu, Nuevos Ministerios. Ends Nov 1.

NEW YORK

Metropolitan Museum: 200 objects from the Age of Sultan Suleyman the Magnificent demonstrate the wealth and skills at the high point of the Ottoman empire in the sixteenth century through the large selection of illuminated manuscripts, the imperial wardrobe, ceramics and jewel-encrusted weapons. Ends Jan 17.

Center for African Art: Angles on African Art features ten co-curators, ranging from an African tribesman to collector David Rockefeller, each of whom chose ten of their favourite pieces, making a well-rounded and diverse show. Other curators are writer James Baldwin, artists Nancy Graves and Romare Bearden and curator William Rubin. Ends Jan 3.

IBM Gallery: Post Modern Architectural Visions includes an international array of designers including Michael Graves, Hans Hollein, and Adolfo Natalini with 200 drawings and models of work from 1960 to 1985, originally organised by Williams College and Deutsches Architekturmuseum in Frankfurt. Ends Nov 7. 56th & Madison (407 6100).

CHICAGO

Art Institute: Walker Evans photographs of the 1930s showing poverty and despair in the American South were famous in their time in *Life* Magazine and preserved in James Agee's moving book, *Let Us Now Praise Famous Men*. This exhibit is a reminder at a time of renewed despair in the American heartland of the scope and depth of Evans' work originally done for the Farm Security Administration. Ends Nov 8.

WASHINGTON

National Gallery: A Century of Modern Sculpture, the Patsy and Raymond Nasher Collection, contains major works by Rodin, Picasso, Matisse, Gabo, Giacometti, Ernst, Moore and Serra. Ends Jan 3.

TOKYO

European Nature in 18th Century Japanese Art. This exhibition is of Japanese art inspired by Dutch manuals imported into Japan in the early 18th century after the Japanese Government lifted its 200-year-old ban on foreign materials. The 169 paintings and sketches of European flora, fauna and people throw some more light on the Japanese phenomenon – information-hungry and seeking to catch up with the West from the first slight opening of the door to the outside world in 1720. Suntory Museum of Art, Akasakamitsuke. Ends October 25. Closed Mondays.

Opera and Ballet

LONDON

Royal Opera House, Covent Garden: further performances of the new Nozze di Figaro, conducted by Bernard Haitink) produced by Johannes Schaaf, with a splendid cast including Claudio Desderi, Thomas Allen, Marie McLaughlin, and Karita Mattila. (240 1066)

English National Opera, Coliseum: Werther, in the new staging by Keith Warner, with Arthur Davies and Ann Murray in leading roles; Sondheim's Pacific Overtures, another Warner staging, and a worthy addition to ENO schedules and Bizet's Pearl Fishers, musically excellent (conducted by Charles Mackerras, with Valerie Masterson) Adrian Martin, and Sergey Leiferkus), dramatically less persuasive as produced by Philip Prowse. (836 3161).

AMSTERDAM

Amsterdam, Muziektheater. The Netherlands Opera production of Verdi's Don Carlos directed by Alberto Fassini to the mise-enscène by Luchino Visconti. Hartmut Haenchen conducting the Netherlands Philharmonic, with Neil Rosensheim in the title role, Susan Marie Pierson (Elizabeth), Harry Peeters (Philip II), and Mimi Lerner (Princess Eboli) (Tue). The National Ballet company in Shamrock, a new work by Carolyn Carlson to music by Gabriel Yared (Wed matinee, Thur). (255 455).

Eindhoven, Schouwburg. Opera Forum in Lehar's Merry Widow directed by Wilfried Steiner and conducted by Kasper de Roo (Thur). (11 11 22).

The Nederlands Dans Theater with the premiere of Song of the Night (Murphy/Szymanovsky), Ricercare (Tetley/Seter), Silent Cries (Kylian/Debussy) and Sechs Tänze (Kylian/Mozart). Tue in Utrecht, Stadschouwburg (31 02 41), Wed and Thur in The Hague, Danstheater (60 49 30).

Scheveningen, Circus Theatre. The Scapino Ballet with Pulcinella (Christe/Stravinsky). In the Future (Van Manen/Byrne), Bagatelles (Wubbe) and Strings (Christe/Bartok (Wed). (55 88 00).

Eindhoven, Globe Theatre. The Shusaku & Dormu Dance Company with Cube-Nu (Tue). (11 11 22).

NEW YORK

Metropolitan Opera (Opera House): Das Rheingold joins the repertoire, conducted by James Levine in Otto Schenk's new production with Hildegard Behrens, Gwendolyn Bradley, Anne Gjevang, Peter Hofmann and Franz Mazura. The week also features L'Elisir d'Amore conducted by Ralf Weikert in Nathaniel Merrill's production with Dawn Upshaw, Carlo Bergonzi and Brian Shexnayder; Manon, conducted by Manuel Rosenthal in Jean-Pierre Ponnelle's production with Catherine Malfitano and Alfredo Kraus; and Ariadne auf Naxos, conducted by James Levine in Bodo Igesz' production with Jessye Norman, Kathleen Battle and Tatiana Troyanos. Lincoln Center (362 6000).

New York City Opera: The week features Madama Butterfly, La Bohème, Turandot, Faust and The Rakes' Progress. Lincoln Center (870 5570).

Martha Graham Dance Company (City Center): A world première and major revivals will be included in the three-week season of the renowned company. Ends Oct 25. 55th e. of 7th Av. (581 7907).

Feld Ballet (Joyce): Two new ballets, Embraced Waltzes and A Dance for Two, highlight the mixed programmes of this 22-dancer company in its month-long season. Ends Oct 31. 175 8th Av at 19th St. (242 0800).

WASHINGTON

New York City Ballet (Opera House): Two-week visit features mixed programmes including Swan Lake Act II, Agon and Brahms/Handel. Ends Oct 25. Kennedy Center (254 3770).

Carmen. Concert version with Fiorenza Cossotto singing the title role, Giorgio Lamberti as Don José, Mauro Augustini as Escamillo and Kyoko Tsukada as Micaela, Tokyo Philharmonic Orchestra and chorus conducted by Alberto Ventura. Suntory Hall (Tue). (505 1010).

Matsuyama Ballet Company. The Unfinished Mandala, a new work created by the artistic director, Tetsutaro Shimizu who also dances the leading role with Yoko Morishita, Tokyo Bunka Kaikan. (Tue). (408 6640).

Dance at the Gathering (Contemporary). Kaoru Ishii, Mika Kurosawa, Hikari Baba and Norio Yagashita, four of Japan's most innovative and interesting dancers. Aoyama Theatre, near Omotesando. (Tue, Wed, Thur). (797 5678).

Theatre

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

The Balcony (Barbican): Sadly dated and heavy-handed opening to the RSC's Genet retrospective, not helping to fight suspicions that the RSC, certainly in London, is stretched way beyond its creative capacities. Terry Hands directs, Farrah's set looks like a cheap pink brothel and the actors, a dull lot, clump around on high boots in big bulging costumes. (628 8795).

Follies (Shaftesbury): Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque re-union in a doomed theatre. Four new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Massey. All good. (379 5399).

Melon (Haymarket): Alan Bates predictably good in new Simon Gray, clumsily directed by Christopher Morahan, about a jealous publisher viewed in flashback from a psychiatric ward after a breakdown. Menopausal mutterings, not vintage Gray. (930 9832).

Serious Money (Wyndham's): Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (836 3028, CC 379 6565).

A Small Family Business (Olivier): Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale, Ayckbourn's own production is led majestically by Michael Gambon. Best of the NT rest remains King Lear and Antony and Cleopatra in the Olivier, A View From the Bridge in the Cottesloe. The new Brian Friel adaptation of Turgenev's Fathers and Sons is decent but dull in the Lyttelton. (928 2252).

Three Men on a Horse (Vaudeville): George Abbott's sprightly gambling comedy has transferred from the National. Geoffrey Hutchings in the lead now joined by Toyah Wilcox (836 9987).

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221–1211).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Elliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs,

Continued on Page 21

Cinema/Nigel Andrews

Reactions from the gut

London Film Festival

The Belly of an Architect directed by Peter Greenaway

The Love Child directed by Robert Smith

Private Investigations directed by Nigel Dick

Snow White and the Seven Dwarfs directed by Walt Disney

Every November the South Bank echoes to the sound of vast numbers of tin cans being opened. The event is the London Film Festival, held at the National Film Theatre, and the tin cans are unbosoming mile upon mile of celluloid.

The festival has just announced its 1987 programme. Despite the sceptics who feared that the controversial new director Sheila Whitaker would stuff that programme with Marxist-Leninist-feminist fare, the 31st LFF looks as rich, varied and politically pluralistic as ever. The usual 200-odd films clamour for space, and if you try to see them all, or even most, you will be carried out on a stretcher by closing day. Far better to pick and choose, with a little help from the FT Guide to Best Viewing.

The British section is especially strong: look out for Bruce Robinson's comedy of struggling actors *Withnail And I*, David Leland's witty-elegaic tale of sex and growing up in 50s England *Wish You Were Here* and *Sammy And Rosie Get Laid*, the newest brickbat thrown at Thatcherite Britain by the *My Beautiful Laundrette* team, Stephen Frears and Hanif Kureishi.

Richard Attenborough's new film *Cry Freedom*, about the Steve Biko affair, joins the choice handful of movies getting big cinema screenings in Leicester Square. Others include Francis Coppola's *Gardens of Stone*, Bill Forsyth's *Housekeeping*, Paul Newman's *The Glass Menagerie*, and Michael Mann's gleaming new murder thriller *Manhunter*.

Also receiving the gala treatment are a brace of silent classics, *Battleship Potemkin* and *Ben-Hur*. These will unspool before full ochestras at the Queen Elizabeth Hall and the Palladium respectively.

The lifeblood of the London Film Festival, though, is its swell of humbler-budgeted screenings. To guide you through the profusion, here is a personal Eight Best: *Intervista (The Interview)*. Fellini's latest joyous cocktail of memory and fantasy; Diane Keaton's wackily engaging *Heaven*, in which the actress turns documentarist and quizzes people about their views on the after-life; Souleymane Cisse's *Brightness*, a lustrous fable of tribal life from Mali; Ermanno Olmi's *Long Live The Lady*, a hilarious fable of affluent life from Italy; David Mamet's *House of Games*, a twisty-plotted thriller from the US playwright turned director; Henry Jaglom's *Someone to Love*, a free-form docu-fiction in which HJ quizzes people about divorce and loneliness including Orson Welles in a sumptuous and funny last film appearance; Edward Yang's *The Terroriser* from Taiwan, an eerie fresco of big-city unease; and John Huston's *The Dead*, in which Hollywood's late great yarn-spinner tackles a story by Dublin's ditto (James Joyce) and comes out with honours even.

The LFF lasts from the 11th to the 29th of November: booking for members begins next Monday, for the public on November 5th. Good hunting!

★

Peter Greenaway's early, experimental movies — like *A Walk Through H* and *The Falls* — were among the revelations of the LFF a decade or so ago: daffy, surreal, profound, ingenious. By contrast his later shift into narrative cinema with *The Draughtsman's Contract* and *A Zed and Two Noughts* seemed to some, including me, like the gear-wrench of a genius doodler trying to move into main-lane art cinema. Arch characters stood around mouthing rococo dialogue. It seemed as if Greenaway had thrown away all his free-form privileges and gained little in return in the way of strong character or challenging narrative.

The Belly of an Architect is another story: it is far and away the best of his three features so far. The film has the old Greenaway mischief and a new Greenaway humanity. Brian Dennehy plays the American architect hurtling into Europe at full tilt ("What a way to enter Italy," he gasps as he and his wife climax in a sleeping car) to mount an exhibition in honour of his hero, French architect Etienne-Louis Boullee. But stomach cramps herald cancer: the exhibition runs into trouble: his wife (Chloe Webb) betrays him with an Italian (Lambert Wilson): and Rome proves a place as layered with cryptic doom and mortality as the stately home of *Draughtsman* or the zoo of *Zed*.

Greenaway's compositional elan is astounding. Virtually every shot has a jewelled symmetry, further enhanced by the lighting of veteran cameraman Sacha Vierny (of *Last Year In Marienbad*). And visual richness joins forces with a far subtler density in the dialogue than before (farewell the clotted preciosity of *Zed*) and with the emergence, at last in Greenaway's work, of human beings rather than humours as central characters.

Dennehy creates a figure of monstrous egotism and despair: a tragicomic Falstaff obsessed with the place of the human stomach in art history, as his own belly, "pregnant" with death, rhymes itself with that of his wife, pregnant from their very first congress. The film's story takes place, appropriately, over nine months, and the movie is packed with enough subtlety and wit, thematic rhymes and visual splendours to keep the film student busy for roughly the same period.

★

The British Film Institute Production Board, which gave Greenaway his first leg up into fame, have now funded *The Love Child*, written by Gordon Hann and directed by Robert Smith. This pixillated comedy about dole-age Britain is endearing for about thirty minutes, as young accounts clerk Peter Capaldi (of *Local Hero*) fumbles through his daily round of mishaps, hallucinations (including talking toilets and beer-cans) and life with Gran. She is feistily played by Sheila Hancock, made up to resemble a prematurely aged cabbage-patch doll and prone to experiment with such nightmare dishes as "Fluffy Turkey Capri".

Also heaving into view are Miss Hancock's old flame from Australia (Percy Herbert), Mr Capaldi's new flame from the pub (Lesley Sharp) and a host of edgy-satiric minor characters including two punk-bashing policemen and the hero's smarmy boss full of advice for the aspiring yuppie. ("If you want to get on, you need a little bijou killer streakette.") The movie's component parts are deft and promising. The trouble is that the film itself never adds up to the sum of them. It ends up a piecemeal romp, too casually structured and drably shot like out-takes from a TV sitcom.

Circumstances beyond control having kept me from *Beyond Therapy* and *Dirty Dancing* (reviews next week), the week's only other notifiable treats are *Private Investigations* and *Snow White And The Seven Dwarfs*. The first, directed by Nigel Dick, is a riotously inept US murder thriller, homageing away to Hitchcock while going off entirely at half-cock. The second is the reissued Disney classic. 50 years old, *Snow White* is still the best animated feature ever made. It was also the first, routing the doubters who said that 90 minutes of rainbow-hued cartoonery was more than the human retina could bear. Tsk tsk. What one cannot bear is that it all *ends* after 90 minutes. Enchanted landscapes, entrancing characters, comedy, tears, music and romance. If you have Kleenexes, prepare to shed them now.

Brian Dennehy in "The Belly of an Architect"

The Winter's Tale/Barbican

Martin Hoyle

Terry Hands unveiled his *Winter's Tale* at Stratford last year: coolly beautiful, splashed with colour, occasionally eccentric. The production now arrives at the RSC's London base rethought, still enjoyable but broader, slightly coarser, less austere. Among the actors the good have got better, but the unfocused flounder about to even less effect.

The chief cast changes are improvements. Last year Jeremy Iron's prowling Leontes was twitchily neurotic, with the tortured romantic glamour of an exile from Eden ruined by the serpent of jealousy. Now Paul Shelley is the *homme moyen sensuel* browned off by the unremitting *niceness* of everyone—from the courtiers who obviously long to coochi-coo over the new-born princess to the kindly, domineering nanny-figure of Paulina. The wilful perversity of a spoilt child eggs Leontes on. "There is no truth at all in oracle!" he snaps petulantly — like "Shan't!"—at good news. He is neither "a feature to each wind that blows" as his wavering, nail-chewing predecessor was, nor is he "abused and by some putter-on" except by his own tantrums, perhaps unconsciously reacting to a general cosiness which recalls that other complacently affable Sicilian setting where one longs for a stone to ripple the sunny pool, the Messina of *Much Ado*.

Martin Jacobs is much more authoritative than last season's Polixenes; his regal rage at the lovely shepherd's daughter provides an echo of Leontes' perverseness while illustrating the acceptable face of autocracy. Penny Downie's radiant Hermione is more richly moving than ever, her Perdita slightly effortful (could any actress convince equally in both roles?) Nathaniel Parker remains an excellent Florizel. and Bernard Horsfall and Simon Russell Beale are those rare things, Shakespearian comics both funny and lovable—though the son's Whitechapel Jewish accent to his shepherd father's mummerset suggests that Perdita is not the only foundling in the district.

With his full-length fur coat and music-hall attack Joe Melia's Autolycus fleetingly anticipates an even crazier gang. Elsewhere his comedy, like that of the other characters, tries too hard in a production perhaps over-eager to ingratiate itself. We lose the angora goat he rode last year and his Armenian pedlar outfit—indeed the faintly eastern touch to the peasant merrymakers has given way to conventional Zorba-type Camden Town Hellenicism. The feathery flapping Time is merely clownish; and Richard Easton's fusspot Camillo has evidently been told to become a "character" without quite knowing how. Thundering out the news of Hermione's death, her arm upraised in Empire-line draperies (Alexander Reid's late Regency costumes in pure white still give pleasure), Paulina resembles a figures from Fuseli; but Gillian Barge's over-positive attack needs to be curbed, especially in the final scene where her Siddons booming and hand gestures overpower the unconvincingly old Mr Shelley (at least spared last season's Dr Strangelove wheelchair) and they approach an unsuitable comic double act.

Visually the early scenes are still dominated by the vast polar bear rug whose subsequent King Kong act has the requisite nursery nightmare horror to it. Scenic elaborations include flats that rear or hump to become walls or hillocks. The peasant festivities are lowered over by an orange-umber sky more apt to Nolan's outback than the Balkans. And we have lost the beautiful assorted blues of the last scene's costumes. Gerard Howland's sets, like the whole production, are now over-emphatic, nervous that we may not get the point; but this eternally moving tale of "things dying and things new-born" wings its way through three hours with a rare swiftness.

The School for Scandal/Birmingham Rep

Michael Coveney

The Birmingham Rep is showing signs of new life under its new Artistic Director John Adams (formerly of Paines Plough and the Bolton Octagon). His opening production of *To Kill A Mocking Bird* filled the Rep's intimidating auditorium. His revival of Sheridan's masterpiece now takes fearless possession of the vast, unwieldy stage.

The French novelty of manned hot-air balloons has been anticipated by a decade to explain why the 1777 scandal college has foregathered in Hyde Park rather than Lady Sneerwell's house. The vast greensward of Simon Higlett's progressively ingenious and brilliant design is surrounded by an engraved cut-out panorama of the city. The diversionary balloon, spotted like a friendly zeppelin over outlines of Hawksmoor and Wren, descends in full hydraulic splendour to whisk off Mr Crabtree and Sir Benjamin in pursuit of Maria.

The Teazle's first quarrel is prompted by Lady Teazle crossing the park with an outrageous barrow of flowers; these are to decorate the Duke Street lodgings which make architectural virtue of the one-dimensional style, black and white interiors of exterior classical proportions, measurements indicated on the walls as in a designer's plan. Charles Surface's scene of debauchery is a well-stocked wine cellar rising from beneath the stage, literally displacing the predominant architectural decorum; and when we ascend thence to inspect the pictures for sale, a bare stage is magically forested with ancestral likenesses (the Mayor of Manchester, going cheap, is sent to Coventry, which raised a big Brummie laugh).

I linger on the design not to insult the actors but to emphasise an admirable determination to overcome the Rep's biggest handicap, the wretched place itself. The screen scene is notably well done, Simon Dormandy's sunken-eyed, reptilian Joseph encompassing the whole area in his evasive hypocritical leaps. He typifies the spreading thrust of the acting style needed to percolate through the house.

Fenella Fielding's Lady Sneerwell suffers from the outdoor treatment and also from her reluctance to chisel out her lines and leave them to do their own work. Her languid talent for honied innuendo and drawling coquetry is death to Sheridan. The gossips are generally overstated, Crabtree and Backbite (Peter Banks and Nicholas Blane) cackling and wheezing to an effect more irritating even than Charles Penrose's Laughing Policeman.

The play's brilliance in transposing a debate on the morality of wit to the sphere of farcical action with a trial of fraternal virtue at its centre is well understood by Mr Adams. The backbone performance is Christopher Benjamin's as Sir Peter, as good as any I've seen, and the alleged profligate Charles is well drawn in the Jeremy Irons vein by Dursley McLinden. Meriel Scholfield escapes the Vivien Leigh mould as Lady Teazle, a convincing country-educated girl whose city dalliance is clearly a passing and educative phase.

Ram John Holder as a dignified Rowley and Wabei Siyolwe as the ward Maria, a sweet paragon whose colour changes less readily than Mrs Candour (Paula Jacobs) thinks, are significant but unlaboured indications that the small black population in Britain was on the move even as the hot air balloons and malicious conversation gathered round their heads. In all, an intelligent and bracing occasion that bodes well for the second city's concrete pleasure dome.

Separation/Hampstead

Michael Coveney

Alastair Muir

Saskia Reeves and David Suchet

The theatre of disability and affliction achieves a grim apotheosis in this heart-rendingly watchable love story by Tom Kempinski. Mr Kempinski, you will recall, wrote *Duet For One* which recounted the reluctant submission to psychiatric treatment of a violinist struck down by multiple sclerosis.

Since then Mr Kempinski has been divorced from his actress wife, Frances de la Tour (who played the violinist), has renounced his membership of the Workers Revolutionary Party, put on lots of weight, lost it, not written much, gone out hardly at all.

Joe Green in *Separation* is a divorced nineteen stone weakling suffering from agoraphobia and writer's block. He scoffs bowlfuls of tinned peaches and talks on the telephone to a crippled New York actress, Sarah Wise, who wants to perform his famous hit play (here called "The Empty Palette") off-Off Broadway. She has not been onstage for seven years and cheerfully describes her progressive neurological condition as "peripheral relapsive neuropathy of unknown origins."

The revival is a success and Joe invites Sarah to London. When she arrives, the telephonic relationship is shattered by Joe's monstrous egocentricity. The presentation of this pathological condition by David Suchet is frightening in the extreme. After all his efforts to lose weight and clean the carpet, he blows it. Saskia Reeves's Sarah has had an operation and is eager to bring the friendship to sexual fulfilment, even if she does find Joe not as good-looking as his voice.

The resolution is a cautiously optimistic; rather like that in *Duet For One*. A new play has been written and the respective positions of need reaffirmed in a limbo of understanding and compromise. We have seen Sarah in New York, wracked with stomach pain while staving off another obsessive call from a monster given to morbid panic attacks and jealous ruses. Joe selfishly diddles her out of the San Francisco rights to the play.

Mr Kempinski is not the first to write plays as a form of confessional therapy, but the honesty with which he does so is rare. He spares himself nothing and writes without a trace of sentimentality. The only padding here is hung around David Suchet's waist. *This quality is what places Separation* above and apart from such comparable but more saccherine periodic romances as *84 Charing Cross Road* and *Same Time Next Year*.

The halting tango of dependence and need across the Atlantic and eleven scenes is played to the hilt. Mr Suchet combines a ferocious heaviness with pathetic insensitivity, at one point covering the telephone mouthpiece with the murderous calm of Othello suffocating Desdemona. Miss Reeves is a strikingly beautiful actress who compensates for what I'd call a lack of technical bottom and full emotional lung-power (she is at her weakest in the last quarter of the play, buffeted by rejection) with a gleaming charm and physical drive. She drags her legs through wasted hips and sits suddenly on chairs with unstudied finesse and serenity, crutches falling away from her like scales.

Michael Attenborough's production is slickly organised on an imposing split design by Sue Plummer that steers a fascinating middle course between seediness and peculiar opulence. Lighting and sound by David Hersey and Collin Brown complete a rather confident, upmarket treatment of misery.

Prince Edward to narrate for the deaf

Prince Edward is to narrate *Peter and the Wolf* with the London Symphony Orchestra at the Barbican Hall on December 23 in aid of the Beethoven Fund for Deaf Children.

Bob Dylan/Wembley Arena

Antony Thorncroft

Poor Bob Dylan! If only he'd gone to the devil his position as one of the four cornerstones of pop (Haley, Presley and the Beatles also prop up the fabric) would have been secure. Discovering God in 1979 made him a marked man, with the critics feeding him to the lions at every performance. He did not disappoint at his first Wembley concert on Wednesday night, being as perverse as any Jesuit priest.

His determination to please himself rather than the packed Arena was quite wonderful. He opened promisingly, rattling through "Like a rolling stone" and "Maggie's Farm." But already the quirkiness was there: he did not encourage any political togetherness in not working for Maggie. Then into a garbled version of "Forever Young," one of his most tender love songs, and you realise that you either have to swallow his genius whole or make carping criticisms like "he sounds like an adenoid operation"; "he is putting as much expression into this as the speaking clock"; "he is as happy playing Wembley as the Turkish soccer team are at the *Stadium* next door."

Yet it hardly matters: these are his songs and they can only honestly be played by Dylan. So what if he sucks the mouth organ when he should blow and blows when he should suck before throwing it away with a half shrug: it is actually a relief that he does not try to talk to the audience. Enough of the feeling that lies behind songs like "Do not think twice" and "Tomorrow is a long time" came across to make this the most hypnotic pop concert of the year.

For despite the disdain with which Dylan treated it all the music roared along. It is pure inspiration to have Tom Petty and the Heartbreakers as the backing band: they provide a bite and relaxed southern loucheness to the songs which places Dylan squarely as a rock artist, rather than a folk singer, or an inspired lyricist, or an idealistic politician. This was a totally satisfying pop concert, despite the fact that Dylan sang at his very worst and looked as if he was an escaped balalaika player with a dead otter stuck on the top of his head.

He got away with it all. He did not sing classics like "Times they are a'changing"; or personal favourites like "Just like a woman"; or even the most universal of the religious songs "Knocking on heaven's door." He came back for one encore, played "In the garden" from his godly period and was gone. The lights blazed down on the stage but obviously the great man could not be bothered. There was no second coming. A flatness descended. It would be very nice if Dylan gave a bit, but even when walking through a performance he still delivers in spades.

Continued from Page 20

Arts Week

Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Les Miserables (Broadway): Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

Me and My Girl (Marquis): Even if the plot turns on ironic mimicry of Pygmalion, this is no-classic, with forgettable songs and dated lewdenness in a stage full of characters; but it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, preferably British. (947 6023).

WASHINGTON

Breaking the Code (Eisenhower: Derek Jacobi brings his role of Alan Turing to America. Ends Oct 31. Kennedy Center (254 3670).

Joe Turner's Come and Gone (Kreeger/Arena): Tony Award winning playwright August Wilson turns in this play to a rooming house at the turn of the century where black people conjure up spirits that connect them to their heritage. Ends Nov 22 (488 3300)

All the King's Men (Arena): Adrian Hall's adaptation of the Robert Penn Warren novel explores the assassination of a demagogue during the Depression with music by Randy Newman. Ends Nov. 22 (488 3300).

CHICAGO

Red Noses (Goodman): The American premiere of Peter Barnes' medieval vaudeville comedy pits Father Flote (Ivar Brogger) against the plaque with his remedy of humour. Ends Oct. 31. (43 3800)

TOKYO

Les Misérables. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was handpicked by the creative team of producer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

Noh by Torchlight (takagi Noh). Ideal for the lovely cool autumn evenings, this threatre by firelight offers a rare chance to experience Noh in its original outdoor setting. The effect of strategically placed fire caskets around the darkened stage is perfect for its other-worldly atmosphere. Yoroboshi is about a reconciliation between a father and his banished son who becomes a beggar-priest, and is followed by the kyogen comic piece, Tsuto Yamabush. The pocket books A Guide to Noh and Guide to Kyogen (available at hotel bookshops), give the plots. Hibiya City Plaza, near Ginza. (Thur). (237 9999; 595 0295).

Noh by Torchlight (takagi Noh). Ideal for the lovely cool autumn evenings, this theatre by firelight offers a rare chance to experience Japan's oldest theatre form in its original outdoor setting. The effect of strategically placed fire caskets around the darkened stage is perfect for its otherwordly atmosphere. The Lady Aoi, especially well-known, is set in the 11th century. The plot centres on her mysterious illness and eventual exorcism. Shinjuku Park (Mon). (209 1111).

Kabuki (Kabuki-za): The matinee plays are best. Excellent informative English earphone commentary and detailed programme notes. Kabuki-za, near Ginza (541 3131).

The Little Shop of Horrors: The original American version of the Off-Broadway musical stars Marsha Waterbury and Bert Hikes. It is produced by David Eastwood and directed by Victor Valentione. Theatre Apple, Kabuki-cho, Shinjuku, close to the town's liveliest night spots and in the heart of neon-city. (209 0222).

Music

PARIS

Bruno Canino, piano recital (Mon). Comedie des Champs Elysées (45041215).

Orchestre Colonne conducted by Pierre Dervaux, Gabriel Tacchino, Solist: Villa-Lobos, Gerschwin, Ravel (Mon). Salle Pleyel (45610630)

Marilyn Horn recital, Martin Katz, piano (Mon). Théâtre de l'Athenée (47426727).

Ensemble Venance Fortunat conducted by Anne-Marie Deschamps: Lithurgical play about the three marias (Tue). Saint-Louis en-l'Isle church (43964848).

Ensemble Orchestral de Paris conducted by Gyorgy Lehel, Raphael Oleg, violin: Mozart, Schumann, Dvorak, Kodaly (Tue). Salle Pleyel (45610630).

Cyprien Katsaris, piano: Schubert, Liszt, Beethoven (Tue). Théâtre des Champs Elysées (47203637).

Orchestre National de France conducted by Rudolf Barshai, Bruno-Leonardo Gelber, piano: Beethoven (Thur). Théâtre des Champs Elysées (47203637).

NETHERLANDS

Amsterdam, Concertgebouw. Alain Lombard conducting the Hague Philharmonic, with Jaring Walta, violin: Bartok, Tchaikovsky (Mon). Recital Hall: Music by Constantijn Huygens (1596–1687) (Tue). The Xenakias Ensemble: Xenakis, Feldman (Wed). Piano recital by Paul Komen: Fauré, Liszt, Messiaen, Chopin (Thur). (71 83 45).

Utrecht, Vredenburg: Hartmut Haenchen conducting the Netherlands Philharmonic, with Frank Peter Zimmermann, violin: Bartok, Tschaikovsky, Schumann (Wed, Thur). Recital Hall: Concert of electronic music: Rai, Lippe, Minjard, Kergomard, Guttman (Tue). Mozart recital by Stanley Hoogland and Glen Wilson, fortepianos (Wed). (31 45 44).

The Hague, Philipszaal. The Netherlands Philharmonic Chamber Ensemble conducted by Antoni Ros-Marba, with Miklos Perenyi, cello: Schubert, Tchaikovsky, Bartok (Mon). (60 98 10).

Groningen, Oosterpoort. The Orford String Quartet: Haydn, Murray Schafer, Beethoven (Tue). (13 10 44).

Arnhem, Music Sacrum. Gidon Kremer, violin, and Martha Argerich, piano: Schumann, Bartok, Franck (Mon). (51 61 91).

NEW YORK

Carnegie Hall: Detroit Symphony, Gunther Herbig conducting with Juilliard String Quartet. Hindemith, Spohr, Beethoven (Tue). (247 7800).

Merkin Hall (Goodman House): American Composers Orchestra. Mixed programme (Tue); Joan Fuerstman mezzo-soprano recital with Frank Taplin piano. Strauss Mahler Chausson (Wed); Boston Camerata, Joel Cohen director. All-Monteverdi programme (Thur). 67th w. of Broadway (362 8719).

Kaufmann Hall: Chamber Music at the Y. Jaime Laredo director, Mozart, Arriaga, Silverman (Tue, Wed). 1395 Lexington Av. (831 8603).

New York Philharmonic (Avery Fisher Hall): Felix Kruglikov conducting, Miriam Fried violin. Brahms, Shostakovich (Tue); Erich Leinsdorf conducting, Jorge Bolet piano, Sibelius, Grieg, Borodin (Thur). Lincoln Center (874 2424).

WASHINGTON

National Symphony (Concert Hall): Tamas Vasary conducting, Nancy Crutcher Tunnicliffe bagpipes. Mozart, Davies (Tue); Fabio Mechetti conducting, Nicanor Zabaleta harp. Debussy, Ginastera, Dvorak (Thur). Kennedy Center (254 3776).

Detroit Symphony (Concert Hall): Gunther Herbig conducting with Juilliard String Quartet. Hindemith, Spohr, Beethoven (Wed). Kennedy Center (254 3776).

CHICAGO

The Academy of Ancient Music (Orchestra Hall): Christopher Hogwood conducting, Stephen Hammer oboe, Catherine Mackintosh violin. Handel, Vivaldi, Bach (Wed). (435 8111).

Chicago Symphony (Orchestra Hall): Pierre Boulez conducting. Boulez, Stravinsky, Bartok (Thur). (435 8111).

TOKYO

Yomiuri Nippon Symphony Orchestra, conductor Heinz Rogner; soloists, Misako Watanabe, Naoko Ihara, Masatoshi Sasaki, Hermann-Christian Polster; with Shin-Yu-Kai Chorus, Beethoven's Missa Solemnis. Suntory Hall. (Mon). (270 6191).

Isaac Stern, Violin; Emanual Ax, piano; Yo-Yo Ma, cello. Beethoven, Schubert. Refugees International Benefit Concert. Hitomi Memorial Hall, Showa Women's College, Sangenjaya (Tue) (586 0111, ext. 3548/3549).

Tokyo Symphony Orchestra conductor. Ilarion Ionescu-Galati with André Isoir, organ. Glinka, Pouleno, Tchaikovsky. Suntory Hall. (Wed) (505 1010).

Dietrich Fischer-Dieskau, baritone. Schubert's Winterreise, D.911. Suntory Hall (Thur). (505 1010).

Rotterdam Philharmonic Orchestra, conducted by James Conlon; piano Michie Koyama. Liszt, Mahler, Tokyo Bunka Kaikan (Thur). (573 3588).

Saleroom/Antony Thorncroft

Camp mementoes

The passion to acquire a memento from Wilsford Manor, the home for most of his 80 years of the late Hon Stephen Tennant, the epitome of a Bright Young Thing of the 1920s, continued apace yesterday. By the end of the morning session Sotheby's had raised £1,472,148 for his nieces and nephews, over double the estimate for the total sale.

The most remarkable price, £220,000, was paid for two views of the Tiber, attributed to the circle of the 18th century artist Vanvitelli. Sotheby's placed a top estimate of £35,000 on the pair but the Chaucer Gallery of London paid £220,000 for them: perhaps it believes *they are in the hand of* the master.

A more typical Wilsford piece, a bust of Stephen Tennant at the age of twenty six by Epstein, sold to the Fine Art Society for £24,200, five times the estimate. Tennant was most impressed with the bronze which he compared to a "drugged, drowned Parsifal — it is flattering—but this is as it should be, when I am dead and forgotten its loveliness will live, gazing back into the past at me."

A rather odd buyer was the Japanese department store Seibu which secured, for £1,760, a photograph of Tennant by his friend Cecil Beaton, taken around 1927. Another Beaton portrait, with the young hero looking extremely camp in a leather jacket, doubled its estimate at £3,740.

Tennant was obsessed with Lascar seamen—they were the subject of his unfinished novel —and a drawing of a gang of them doubled its forecast at £1,100. Another Tennant creation, a 1928 watercolour of three Hollywood beauties—Mae Murray, Gloria Swanson and Bebe Daniels—went quite cheaply for £792. Among Tennant's closest friends in the 1920s was Rex Whistler and a watercolour by Whistler of Stephen dressed as Shelley for a charity matinee sold for £8,580.

FINANCIAL TIMES

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Friday, October 16

Small step to farm reform

A CRITICAL stage in the European Community's effort to contain farm spending begins next week when Agriculture ministers of the 12 member states open negotiations on the new, so-called "stabiliser" proposals drawn up by the European Commission.

Mrs Thatcher, the British Prime Minister, has made control of farm spending the central condition for decisions, due in December, on the financing of the Community as a whole. So in this respect, the future of the EC itself depends on the member governments' ability to find solutions to the agricultural problem.

Budget costs

The horrors of the common agricultural policy are by now well enough known. Of the EC's total draft budget this year of ecu 41 bn (£29bn), some ecu 27bn is destined for the farm budget, two thirds of which will have to finance the storage or export of commodity surpluses. These budget costs are increasingly unacceptable to ministers, but it should not be forgotten that the costs to the consumer are considerably larger. The CAP also has a seriously distorting effect on world trade.

The Commission's stabiliser proposals will not bring a rapid return to free market practices across the whole farm sector. For once, the bureaucrats' jargon accurately describes the concept: the proposals will, if adopted by ministers, help stabilise spending in each of the key commodity sectors. They may well not reduce it from present levels, and they will certainly not impose a cash limit on farm spending as a whole.

This might suggest that the proposals would be worse than useless, but, given attitudes which prevailed only a very few years ago, they are far from negligible.

The Commission has proposed a combination of limits on production, price reductions and a tightening of the rules governing the buying and selling of surplus commodities. For some products at least, this should result in a much better balance between supply and demand, as well as a real curb on costs.

Measures for each commodity vary, but as a series of articles which have appeared on our commodity pages over the last fortnight have shown, the budgetary stabilisers for dairy products have so far been the most successful, while those proposed for cereals seem likely to be least effective.

The trouble is that, even if ministers accept the Commission's proposals, they will not have gone far enough down the road to reform.

On the one hand, there are dangers in the stabiliser concept itself. If the Community relies too heavily on quotas, rather than price cuts, to limit production and curb costs, it will freeze farming patterns and risk creating a monster almost as distorting and inefficient as an unreformed CAP. At the least, there must be free trade in quotas, preferably across frontiers, to mitigate this.

Second, however, is the need for fundamental changes to the nature of farm support. The notion that farm support can disappear altogether is politically unrealistic, but the idea that it should be increasingly divorced from production is gaining currency.

Direct help

A recent report from the German Institute for European Politics argues that the long term objective must be to scale down support to what it calls "market clearing price levels". Those farmers who could not survive at these prices would receive direct income support of various kinds, including "environmental service" income, a concept which assumes that by looking after their land, but not necessarily producing for the market, farmers would be providing a service to the community which should be paid for like any other.

The German study sensibly argues that the level of income aid should vary according to the general income level of a country or region, but should be drawn up within a strict EC framework.

The new system would have to be phased in gradually. It would inevitably mean more farmers leaving the land. But it could help eliminate domestic surpluses, increase international competition, control costs (since direct income supports could be cash limited) and maintain the countryside. It could provide a better framework for a less costly and more relevant CAP.

A calmer view of short-termism

"THE VIEW that it is the financial system in the UK that has caused companies to focus on the short term, rather than on investment for the longer term, is not substantiated by the evidence." Thus reports the CBI City/Industry task force in a document which contains useful suggestions as well as a number of homilies, but which ducks away from the really prickly issues.

This is not surprising. A group made up of 29 senior figures from industry and the City was never likely to come up with radical proposals, especially since it seems to have been anxious that its conclusions should be unanimous. Moreover, the climate has changed considerably in the year since the CBI's last conference, when industry's dissatisfaction with the perceived shortcomings of the financial sector raised an uncharacteristic degree of heat.

For one thing, the level of confidence in the manufacturing and commercial sectors has risen sharply in the last 12 months. Industrialists - especially those with maturing stock options - no longer feel like poor relations. At the same time, the financial sector is not seen as quite the risk free gravy train it appeared in the months leading up to Big Bang. Salaries still appear enormous, but the City is having to learn to live with redundancies. The crack down on takeover abuses, which has reached such spectacular proportions this week, may well be a cause of quiet satisfaction in Sheffield or Glasgow, and the flood of giant takeover bids has at least temporarily come to an end. Pilkington's escape from BTR seems to have been a turning point in this respect.

Pension funds

The task force has examined what it describes as the pervasive mythology about short termism in the City, and concluded that it does not stand up to close examination. This view is based partly on a survey of chief executives, who said worries about the cost of capital and likely profitability were a very much greater constraint on long-term investment than was the threat of takeover. According to the task force, the stock market efficiently reflects available information, and fund managers are not under such extreme pressures to perform well over the short term as is commonly supposed.

However, the task force has failed to grapple seriously with the possible consequences of the rapid increase in the volume of share trading since Big Bang, and has ignored the crucial question of the tax bias which has allowed a relatively small number of investing institutions to take such a dominating position in the ownership of British companies. Up to 1984, the velocity of turnover in British shares had been running at around a steady 35 per cent: in other words, all shares were being traded once every three years on average. In recent months, velocity has climbed to 62 per cent. Should there come a point at which gross funds should be regarded as mere share traders, and taxed accordingly? Is there a case for only granting voting rights to shareholders who have been on the register for, say, three months? The report does not say, and fiscal neutrality is mentioned only as a possible subject for future study.

Common myths

Perhaps because of the way its terms of reference were framed, the task force has also ignored the pressures which might exist within industry itself for managers to pay too much attention to the short term. Examples might include the way remuneration packages are sometimes designed, placing great emphasis on year-on-year earnings growth, and the structure of corporation tax.

But it would be unkind to be too sour about the CBI's efforts. The report does serve a useful purpose in debunking some of the more common myths about the myopia of the stock exchange. It makes useful suggestions about accounting reform, especially in the area of merger accounting, and it has a helpful checklist of the questions to be asked by managers about their relations with their pension fund trustees. All this should keep things quiet until the next cyclical downturn in the relations between industry and the City.

The Star Chamber on UK public spending is sitting again. Peter Riddell reports

This time there are prizes for everyone

ONE OF the annual rituals of the UK Government under Mrs Margaret Thatcher has begun this week. Half a dozen senior ministers are meeting in a Whitehall committee room to discuss how much extra should be spent next year on schools, hospitals and defence. The "Star Chamber" is in session.

Its decisions over the next fortnight will affect not only the distribution of expenditure and the margin available for tax cuts next spring, but also the political standing of those involved.

This year, the Star Chamber - a special Cabinet committee - will also see a new Chief Secretary to the Treasury, Mr John Major, seeking to confirm his reputation as one of the Cabinet's rising stars.

The process epitomises the type of political bargaining which Sir Douglas Wass, a former Treasury permanent secretary, has described as "he who has the muscle gets the money."

Prime Ministers have tried all kinds of devices to deal with the perennial problem of reconciling the Treasury's desire to constrain expenditure with ministers' desire to spend. Some have had special committees, while others have accepted that disputes must be decided by the full Cabinet. But this puts a strain on already busy ministers and can lead to the total being pushed up through a series of splitting-the-difference compromises.

Conscious of this trend, and anyway disliking the open Cabinet arguments of her first two years in office, Mrs Thatcher devised the Star Chamber in 1981 to deal with disputes not settled in bilateral discussions with the Treasury and to limit appeals to the full Cabinet. It has met each year since then, apart from 1982, always under the chairmanship of Lord Whitelaw, the Leader of the Lords and the Cabinet's prime fixer.

The procedure is that half a dozen ministers, including those without departmental responsibilities and those who have already settled with the Treasury, meet to hear the case of various spending ministers as well as that of the ever-present Chief Secretary to the Treasury.

Lord Whitelaw regards his role as that of a conciliator, ensuring that, at the end, no minister feels dissatisfied and resigns (none has so far). It is the kind of behind-the-scenes politics at which Lord Whitelaw and Mr John Wakeham, the former Chief Whip and now leader of the Commons, both excel.

A minister may, for example, feel aggrieved at his treatment by the Treasury and be reluctant to settle. Lord Whitelaw or Mr Wakeham will ask what is his bottom line, privately consult with the Prime Minister or Chancellor, and then go back to arrange a deal. So there is no confrontation.

It does not always work like that. The first use of the Star Chamber in 1981 failed to resolve several issues which were referred to the full Cabinet in 1983 and 1984. But this has happened less often since then and the Star Chamber is now an established part of the Whitehall system.

Critics claim that the procedure works against the Cabinet taking an overall view of the relative merits of various programmes. The Commons Treasury select committee argued in late 1984 that the Star Chamber approach concentrated on whether a particular case should be accepted rather than on whether more should be spent by one department rather than another.

Some MPs and officials (for instance at a seminar last year organised by the Public Finance Foundation) have argued that the Star Chamber should meet regularly during the year to discuss spending priorities in a broader context, instead of the present hurried haggling over sharing the misery.

Mr Nigel Lawson, the Chancellor, has defended the Star Chamber process on the grounds that, "in Government, there is no utilitarian calculus that permits numerical comparison of the respective benefits of, say, an extra military aircraft as against more disaster relief or more equipment for the research councils."

He has argued that, "however detailed the factual basis provided by the officials and however sophisticated the analysis of output and performance for the programme concerned, in the end there has to be a political judgment and a political decision."

The process is not quite as haphazard as it may seem. While the amounts involved in the annual spending review, and the Star Chamber, are generally less than 5 per cent of total expenditure, there has been a change in the pattern of total spending, reflecting broad Government priorities as well as external pressures like high unemployment.

For instance, in the recent study, New Priorities in Public Spending, Mr Malcolm Levitt notes that since the Tories came to office in 1979 there has been "above average growth in defence, public order, health, social security and employment support; there has been below average growth in education and cuts in housing and industrial support."

The combination of a change in priorities and the arrival of a more active minister in Mr Kenneth Baker has been reflected in a 7 per cent planned rise in education spending in real terms for the current financial year, after a 1 per cent average annual decline over the previous seven years.

LORD WHITELAW

Education is one of the departments in front of the Star Chamber, along with regular attenders like health and social security and defence, where the service chiefs (especially the admirals) have a centuries-old tradition of asking for more and of being supported by their political masters. For once, the Department of the Environment has already settled, largely because the property boom means its receipts from the sale of land and housing are helping to finance new projects, for example, in inner cities.

There have already been reports of threats to social security benefits and existing defence commitments. Yet much of this is the usual tactic whereby a department focuses on the most sensitive area of saving. Negotiations will be tough but they will be at the margin, about the expansion of programmes rather than their existence. Hence, after a couple of weeks' work, agreement will no doubt be reached in time for the autumn statement in the first half of November.

However, a complicating factor has been introduced this year by the ambiguous guidelines set by the Cabinet in July. The priority was to be a reduction in the share of national income taken by public spending (down from 42¾ to 41¾ per cent), while seeking to get as close as possible to the previously agreed total of £154.2bn for next year. This reflected Treasury recognition that it would not be possible to keep total expenditure within the latter figure because of the usual upward pressures from local authority and social security spending. But it apparently left plenty of leeway because of strong growth in the economy.

Spending ministers like Mr Baker have argued that there is money both for higher spending and tax cuts. The Treasury has tried to recover its position by stressing the need to get close to £154.2bn.

The snag is that its instinctive desire for restraint is in part dependent on warnings of potential crisis in the money or foreign exchange markets. But that argument is hardly persuasive this year when there will be prizes for everyone.

So the Treasury *is* undertaking its usual, only partially successful, role of restraining the ever-rising expenditure total. The Star Chamber's job is to exercise traditional political arts to determine how much freedom of manoeuvre Mr Lawson will have next spring.

A change of rhetoric and a risky change of formula

THE FOG OF political rhetoric which so often hangs over economic reality has nowhere been denser than in the area of public spending.

Mr Nigel Lawson, the Chancellor, rarely tires of reminding his audiences that, during his four years in the job, public spending has consistently fallen as a proportion of national income.

What he omits to add is that, once privatisation receipts are excluded, the Government is still spending relatively more than its Labour predecessor in 1979. In that year public spending took 43.5 per cent of national income. For the current year the figure is expected to turn out at around 44 per cent.

Despite the ritual angst which surrounds each year's round of bargaining between spending ministers and the Treasury, the Government's record over the last eight years has been a familiar one.

The colourful charts in the annual White Papers show a steady rise in spending up to the latest year, the previous targets overshot with almost monotonous regularity. Future hopes are then summarised in the almost flat lines running into the next three years.

In parallel, and notwithstanding cuts in income tax rates, the overall tax burden has risen steadily to pay for progressive reductions in public borrowing. If receipts from the North Sea are excluded, tax revenues as a proportion of national income have risen from 34 per cent in 1979/80 to an estimated 37 per cent 1987/88.

The rhetoric, admittedly, has changed. When Mrs Thatcher took office in 1979 the plan was for real cuts in public spending. Large public sector pay rises, the 1980/81 recession and a trebling in the number of people receiving unemployment benefit meant that that formula had to be abandoned in favour of a policy of holding spending "roughly constant" in real terms.

By the time of last year's Autumn Statement that strategy looked equally embarrassing. In real terms, spending in 1987/88 was forecast to be 16 per cent higher than under Labour.

The latest formula, described by Mr Lawson then as "a minor change in presentation" is for total expenditure to fall as a proportion of national income - in other words for spending to expand less fast than the economy as a whole. The difference between the two growth rates would free cash for tax cuts, for reductions in public borrowing or for both.

The logic of the new policy is obvious. It combines a more realistic appraisal of the past with an acceptance that as the country's wealth increases some of the extra resources should be devoted to improving public services.

At a time of strong growth in the economy it is also a policy that can be seen to work. In the run-up to this year's election Mr Lawson managed the hat-trick of increased spending, lower borrowing and 2p off the basic rate of tax. With output now growing at an annual 4 per cent, few in Whitehall doubt that he will be able to manage the same in next year's Budget.

The Treasury tacitly acknowledges, however, that the present formula holds risks for the future.

The switch to setting targets based on a declining share of national income has undermined the system of cash planning that was meant to be at the heart of the control system for public spending.

If the economy is growing more rapidly than expected departmental ministers can claim with justification that the cash targets set previously are no longer relevant. Mr Kenneth Baker, the Secretary of State for Education, is said to have made that point with monotonous regularity in this year's negotiations.

The other, perhaps more serious problem, is likely to come when the economy slows. For the last few years it has been relatively easy to reconcile the almost irresistible pressures from spending ministers for more money with a reduction in public spending's share of gross domestic product. With national income rising at 3 per cent or more every year, there has been room for real increases in spending of 2 per cent.

But if the pace of economic expansion weakens to, say, 1-1/2 or 2 per cent, the Government will be faced with a need for far slower growth in spending than it has so far been able to achieve - at a time when demands on public services would tend naturally to rise. There are few in Whitehall who are convinced that that could be done.

Philip Stephens

Men and Matters

Squibb's cash for Oxford

"Well, we didn't just meet in the street," an executive of Squibb, the US pharmaceutical group, said yesterday when asked how his company came to be lavishing £20m on Oxford University for research into a better understanding of how the brain works - and misbehaves.

The story began last year when Oxford's department of pharmacology decided to try to boost its links with industry. "We felt some of our research might be of value to society", Prof. David Smith says.

Last December, in partnership with the Medical Research Council, he arranged a two-day seminar for industrial research directors. It drew 23 - all but two of them from overseas. They came from as far afield as the US and Japan.

Squibb is the first to respond with hard cash. What the prof had to report gave the group a fresh lead in a sphere of drug research it had dropped a decade ago for lack of new ideas.

Squibb's links with Oxford go back to 1953, when a don carried his ideas off to the US and became head of its Institute of Medical Research at Princeton, New Jersey.

As for Smith's department, the big cash injection sets the seal on recent praise from the University Grants Committee, which ranked pharmacological research in Oxford outstanding by any world standard.

Shock treatment

The day that the earthquake hit California earlier this month, the Getty Museum at Malibu had at the printers the proofs of its latest handbook, "Between Two Earthquakes: Cultural Property in Seismic Zones" which aims to advise guardians of historic buildings, monuments and museums in vulnerable areas just how to cope with the half-expected.

J.Paul Getty, the oil billionaire, whose bequest has made the museum at Malibu the best endowed in the world with $100m. a year, took a perverse delight in building a home for his collection of antiquities and paintings in a vulnerable site overlooking the Pacific Ocean. He mocked history even more by designing his museum on the lines of a Roman villa of the kind that disappeared in the Pompeii eruption.

The current administration at Malibu is well aware of the dangers. The works of art are supported by invisible wires and unobtrusive shelves to ensure that they can withstand a sudden shudder. During the recent quake there was no disturbance, but jealous rivals of the Getty throughout the world half look forward to the day when they can dig out its treasures from the Californian cracks.

More enterprise

Showing some of the very initiative it wishes to encourage, the Scottish Amicable Life Assurance Society has endowed the first chair in entrepreneurial studies at the University of Stirling.

Dr Michael Scott, 49, currently a lecturer at Durham University Business School, has been appointed to the post. He will also become director of the Scottish Enterprise Foundation from November 1.

An economics graduate of Manchester University and a PhD from Edinburgh University, Scott has recently published works on management and industrial relations in small firms and on encouraging undergraduates to become entrepreneurial.

He says that his priorities will be "to encourage more young people to consider an entrepreneurial career, to increase the transfer of new technologies to small firms, to encourage more women in enterprise, and to emphasise import substitution and export opportunities."

"Well being a yuppie didn't last long - back to being a yahoo again."

Security checks

Around 300 non-US fund managers will next week be relinquishing their punishing routine of business lunches and company visits, switching off their screens, and flying to Washington for a closer look at US government policy - and a spot of relaxation to boot.

The occasion is the 7th annual US Perspectives conference, sponsored by the American Stock Exchange and three US investment banks, Merrill Lynch, Smith Barney and Donaldson Lufkin & Jenrette. The three day event has grown since its inception in 1981, in line with the phenomenal growth in foreign purchases of US stocks over the period.

The conference represents a rare opportunity for institutions to hear the latest on US views of world affairs straight from the horse's mouth. Speakers at this year's events include US Defence Secretary Caspar Weinberger and a clutch of high-ranking Congressmen.

The delegates, mainly from Europe, will limber up with an informal dinner on Sunday, before immersing themselves in two days of discussions, rounded off with a rail trip to New York on Tuesday night.

But, unlike their counterparts in previous years, they will not be getting a trip to the White House. Catharine Hales, whose Hales Turner investor relations company handles European liaison for the conference, blames the "mind-blowing" number of security checks, which last year kept delegates waiting nearly an hour to get in. "Everyone was getting so fed up."

Hot pursuit

Will the world beat a path to the door of the inventor of a new hot water bottle?

Lucius Carey hopes so. He has just invested £5,000 in the idea of a neighbour in Henley-on-Thames, who believes he can make the traditional hot water bottle both safer and leak-free.

Like mousetraps, hot water bottles sell by the million in Britain. But for the elderly or arthritic they can be difficult, even dangerous to use.

Carey, publisher since 1978 of Venture Capital Report on new investment opportunities, has recently obtained £250,000 from Alan Patricof Associates, the venture capitalists, to help "seed" some of the schemes he reports, through a new venture called Seed Capital.

One he is keen on is an electric hot water bottle which is sealed and never needs filling, except with electricity. The idea is simply to plug it in before bedtime.

It will store up enough heat to last through the night by melting a wax in the bottle.

Carey says his inventor needs the cash to get the recipe right in experiments he is making at home in his kitchen.

Observer

Mr Nakasone is about to be replaced as Japan's Prime Minister. Ian Rodger asks why and evaluates the would-be successors.

Buggin's turn and turn again

WITHIN THE next few days, for no apparent reason, a new Japanese Prime Minister will be chosen. Then Mr Yasuhiro Nakasone, the present Prime Minister, whose name western peoples have learned to remember, whose face they have come to recognise, will resign.

These momentous events in the free world's second most important country will take place despite the fact that there has been no general election and that Mr Nakasone does not want to resign. Nor has the present regime been tainted by scandal or any demonstration of incompetence. On the contrary, the three candidates to succeed Mr Nakasone all agree that he has been a wonderful Prime Minister and they all pledge to maintain his policies.

Mr Shintaro Abe, one of the candidates, was asked not long ago why, in these circumstances, the leaders of the ruling Liberal Democratic Party (LDP) did not simply agree to allow Mr Nakasone to remain in office. His answer: Mr Nakasone had already been given a "bonus" extra year as Party President and Prime Minister, and they, the party's so-called new leaders, had been "in the waiting lounge too long."

Those comments sum up rather well the job of Prime Minister as seen by Japanese politicians. It is regarded, basically, as a reward for long years of loyal service as an LDP Diet (parliament) member and faction leader. And since there are many people who deserve rewards, it is felt that no one should hog the job for too long. Other considerations, such as leadership ability, competence and popularity, are largely irrelevant. Japanese Prime Ministers are actually not expected to do much.

In politics, as in many other fields in Japan, seniority is the most highly valued qualification. As a rule of thumb, Prime Ministerial candidates must have served seven terms in the Diet. This takes so long to accumulate that few Japanese political leaders have any outside experience or skill. Mr Abe, for example, was briefly a journalist, but has been a Diet member for 29 years. The other two candidates to succeed Mr Nakasone, Mr Noboru Takeshita and Mr Kiichi Miyazawa, entered politics in 1951 and 1952 respectively.

Also, to get an early start, family connections are almost essential: Japanese politics are probably more riddled with nepotism than those of any other democracy in the world. Mr Miyazawa is the son of a politician and is connected by marriage to two former Prime Ministers. Mr Abe is the son of a politician and is married to the daughter of the former Prime Minister, Mr Nobusuke Kishi.

MR MIYAZAWA, 68, is the only one of the three new leaders who speaks fluent English. He has a law degree from the University of Tokyo and started his career in 1941 as a Finance Ministry bureaucrat. He became assistant to the Finance Minister after the Second World War and frequently took part in negotiations with the US Occupation authorities. He entered politics in 1952 and has held a succession of increasingly senior economic and international affairs-related posts, including Minister of International Trade and Industry, Foreign Minister and Chief Cabinet Secretary. However, he has had few party jobs and has spent little time cultivating party officials.

Mr Miyazawa is probably the most liberal of the three leaders, believing strongly in the need to stimulate Japan's economy and improve the country's infrastructure. However, he has been criticised for not advancing his views forcefully enough in the past year as Finance Minister.

MR TAKESHITA, 63, has been Chief Cabinet Secretary, Minister of Construction and Finance Minister in the course of his long political career, but he is best known as a backroom party man, endlessly patient in negotiations, always trying to build consensus and avoid conflict. In the past year, he has held the party's top executive position, Secretary General, a post often regarded as the gateway to the Prime Minister's office. He became a senior lieutenant of Kakuei Tanaka, the patronage-oriented Prime Minister who was forced to resign in 1974 amid accusations about questionable property transactions. Mr Takeshita, who was the obvious successor to Mr Tanaka, nevertheless remained totally loyal to the disgraced former Prime Minister, waiting for his leader's nod. However, under growing pressure from associates, he decided in 1985 to form his own group within the faction. Despite the subsequent strain between the two, Mr Takeshita, true to form, remained patient.

MR ABE, 63, graduated from the University of Tokyo and was briefly a journalist on the Mainichi Shimbun, a leading national newspaper, before entering politics. He married the daughter of Mr Nobusuke Kishi, who was Prime Minister from 1957 to 1960 and rose quickly in the ranks of the Kishi, then the Fukuda and now the Abe faction. He has been Minister of Agriculture, Chief Cabinet Secretary, Minister of International Trade and Industry and Foreign Minister. As Foreign Minister, he visited 39 countries, although no one recalls any particular foreign policies he espoused. However, this year, he did an effective job as the Prime Minister's personal envoy to Washington in the stormy weeks before Mr Nakasone's April visit to propose Japan's ambitious $20bn recycling programme for developing countries. Mr Abe is considered the nice guy among the new leaders, but is often criticised for never taking a stand on anything. He is also a master of kendo, the Japanese style of swordsmanship.

Such a quaintly parochial system was perhaps adequate when Japan was a developing country and the management of its affairs was better left to skilled technocrats. But today, when the country has growing world leadership responsibilities, it seems less than satisfactory that competent or intelligent leaders only emerge in Japan by chance. In the view of most political observers in Japan, none of the three candidates to succeed Mr Nakasone has demonstrated outstanding ability in the past. But, as has also been observed, neither had Mr Nakasone before he became prime minister.

In the current race, the candidates do not even have any disagreements with each other. In the past, there has often been strong enmity between leadership candidates and occasionally, philosophical differences. However, Mr Miyazawa, Mr Takeshita and Mr Abe have all been at pains to say that their platforms are identical, that they get along well and will work together regardless of which of them becomes Prime Minister.

Thus, the battle for the party leadership, which will reach its peak in the next few days, will not be fought over policy or ideology or for the minds and hearts of the people. It will, instead, consist of an endless series of negotiations among the many factions within the LDP, as the candidates try to make alliances of convenience that would enable them to win the support of the majority of LDP Diet members.

In return for support, the candidates are offering various forms of patronage, such as Cabinet and parliamentary committee positions and jobs within the party hierarchy. Money plays a big role in wooing potential supporters, and in the last few months the three have been holding big fund-raising parties around the country. On the other hand, it does not appear that business interests, which supply most of the money, have much influence on the outcome. In general, businessmen would prefer Mr Miyazawa to win but, as one political analyst said this week, they prefer to back a winner even more, so they have been putting money on Mr Takeshita and Mr Abe.

If no agreement is reached by next Tuesday, then elections will be held among the 445 LDP members in the two houses of the Diet. As no one faction has anything close to the 223 majority needed to win (the largest has 114), there could well be two rounds of voting, interspersed with still more negotiations, before a winner emerges.

There are four major factions, each having more than 80 members, two minor ones and a handful of mavericks. The possible combinations are numerous.

Going into the race, Mr Takeshita, the former finance minister and now LDP secretary general, was a slight favourite. His faction is the largest, with 114 members, and it appeared that his attempt to form an alliance with Mr Abe, who has 86 supporters in his faction, would be successful. That prospect convinced Mr Toshio Komoto, who leads a minor faction of 31 members, to join the nascent alliance last month. For a while, it looked as if the election was sewn up.

However, the Takeshita-Abe alliance has problems. The idea behind it was that the two men, who are both 63, would take two-year turns at being Prime Minister. The sticking point is agreeing who will go first. Mr Abe is reluctant to go second, because he doubts that Mr Takeshita would be able, two years from now, to convince his faction members to hand over the reins, and perks, of power. Mr Abe also claims that he would be better able to preserve party unity. Mr Takeshita created strong enemies within the party during his long and painful effort to distance himself and his supporters from the disgraced former Prime Minister, Mr Kakuei Tanaka. But Mr Takeshita is insisting that he, as the leader of the strongest faction, should become Prime Minister first.

In recent weeks, Mr Nakasone and Mr Miyazawa, the current finance minister, who lead the other major factions, have been trying to undo the Takeshita-Abe-Komoto alliance. Mr Nakasone's interest, now that he can no longer be Prime Minister, is to be a kingmaker.

Mr Miyazawa, who has 89 members in his faction, has been attempting to convince Mr Abe that they should form an alliance. Then Mr Nakasone could bring in his 87 votes and realise his goal of being kingmaker. At 68, Mr Miyazawa is the oldest of the three candidates, and so, it is argued, he would be more likely than Mr Takeshita to retire after two years and deliver the Prime Minister's chair to Mr Abe. However, there are problems with this scheme as well. The Nakasone and Miyazawa factions are not on the best terms, and neither is particularly unified. Analysts say Mr Abe has good reason to suspect that they would not be any more likely than Mr Takeshita to fulfill their promises after two years.

Whatever the outcome, no one expects any significant change in the thrust of Japan's main foreign and domestic policies, which are now firmly pointed towards making the country operate more in harmony with the rest of the world. And as long as these policies, such as market opening and domestic demand stimulation, are pursued vigorously, the country may avoid the kind of foreign relations crises during which an imaginative leader, like Mr Nakasone, was able to have a constructive impact on the course of events.

As for the political system itself, there seems little prospect of change in the near future. If anything, the system is getting more rigid. A few years ago, it was still possible for outsiders to get into the cabinet. For example, Mr Saburo Okita, a leading economic planner, became foreign minister in the early 1970s. But, barring an unforeseen leadership crisis, political observers doubt whether that could happen today. There are too many politicians who have spent too much time building up their seniority.

Letters to the Editor

Accountancy divided

From Mr J Newman

Sir, - The EEC's eighth directive has to be implented in the UK and therefore decisions have to be made as to whether *the enabling law should depart* from the minimum requirements of that directive. One decision of major importance is on work surrounding the status of auditors of limited companies. The Department of Trade and Industry has suggested no departure from the minimum requirement in that auditing firms may be incorporated and be owned up to 49 per cent by "outsiders" (ie individuals not possessing a practising certificate) but "independence" should be dealt with by self regulating organisations such as the Institute of Chartered Accountants in England and Wales. Your paper carried (October 9) two pieces on this topic following a debate of the council of that institute. It quoted reaction from three managing partners of the "big eight" firms of chartered accountants who were for the minimum requirement, with some restrictions, whereas the council decided differently.

Your report was not the full picture. As far as the "big eight" firms are concerned, two have gone on record to oppose any offers of shares to outsiders. They are Peat Marwick McLintock and Price Waterhouse and Co. Also the council's debate was by no means unanimous and it did not fully recognise that the accountancy profession *has now* effectively divided.

On the one hand are multi-national enterprises with extensive international links who audit and act for the great majority of companies that are listed on the Stock Exchange and on Exchanges in the EC and North America. On the other hand there are medium and smaller size firms which audit the smaller limited companies. These clients are, by and large, entrepreneur and family-run enterprises who because of their size have no intention at this stage of offering their shares to the wider public. I feel that the allowance of outside shareholders could produce for some of the small firms a welcome improvement in standards and also the provision of outside finance and better facilities for the sale and purchase of practices. All these moves would make this sector of the profession more efficient and better organised, ultimately leading to the provision of a wider range and higher standard of service and advice to individual businessmen and commercial activities in the United Kingdom. It would also be consistent with the position in most EC member states.

The concomitant of allowing incorporated firms of accountants to have "outside shareholders" up to the 49 per cent figure could be that they would *be excluded from reporting as* auditors on companies quoted on the Stock Exchange. With regard to the "big 8" which would not venture to suggest what restriction should be placed on their shares if they were incorporated. Perhaps this should be left to the Stock Exchange.

John A Newman,
Chantrey Wood King,
1 Old Burlington Street, W1.

Importing coal

From Mr A Magnus.

Sir,-Your leader entitled "Price discipline in electricity" (October 9) repeats an unfortunate fallacy which bedevils the discussion on privatisation of electricity namely that substantial cost savings could be made by the electricity industry if it were "free to buy coal aggressively on the world market".

It must be understood that many UK power stations which are built inland near to sources of supply could not buy coal cheaper on a delivered basis than the price at which they presently recieve it. In order for power stations near ports to benefit from lower cost imported coal in significant quantities a substantial capital investment will have to be made in those ports and the cost of that capital investment requires to be taken into account in calculating savings. Moreover the present British Coal price structure is such that the coal which would be imported for such power stations is presently being supplied to CEGB at prices aligned on world prices. You refer to the average price of £42 per tonne charged by British Coal but the coal supply arrangements (as pointed out by Maurice Samuelson in his article on September 24) "allows for at *least 70m tonnes a year divided* into three pricing tranches" and the lowest price tranche is that which corresponds with the cost of imported coal. Thus replacement of that tranche of coal with imported coal would produce no savings to CEGB. It would however have a severe impact on British Coal's ability to support the present size industry.

The future of electricity generation is thus inevitably linked to the future of the coal industry. So long as British Coal can supply that market at competitive prices and cover its real costs - *including its cost of* new capital - then there is little virtue in spending large sums on building facilities to import coal and having to write off the assets of communities depen*dent on mining the coal re*placed. Moreover since the total world trade in free coal (that is coal not used in the country of production for generation of electricity and other industrial uses) is about 350m tonnes it must also be apparent that to take even half the UK requirements - say 40m tonnes - would represent a new customer for over 10% of the available free coal. Even if production was substantially increased - and new facilities do permit this - world coal prices would not remain at the present depressed level.

The real tragedy for this country *has been that the opportuni*ty cost of capital has been ignored and far too much of our scarce capital resources has been spent relatively unproductively both on power stations and in the past on coal mines. The position can be remedied in relation to coal only if the unions and the management greatly increase productivity by flexible working and so raise the real return on capital. Unfortunately the present impasse on the over-time ban indicates that neither side is any nearer to reconciling their differences. Unless they do so the basic premise of the above argument - that British Coal can supply the market at competitive prices and cover its costs - will be upset and the UK coal industry will then have to shrink possibly by as much as 50% if the UK is to avoid continuing large subsidies to the coal industry which will have to be paid for by higher electricity prices and taxes and will make British industry less competitive in world markets.

Alan M Magnus,
84 Holders Hill Road, NW4.

The meaning of risk

From the Director, Investments, Abbey Life.

Sir,-There has been recently a suggestion from the Securities and Investments Board that unit trusts should be graded according to their risk profile. In some quarters the idea has received qualified support.

There seems to be an inherent flaw in the proposal which relates to the meaning of risk. Risk can have a number of connotations in a colloquial sense, a technical sense, an actuarial sense and so on. Most simply, one can argue that an investor *of great worth investing* modestly in a general UK unit trust is affecting his total return very marginally. By contrast, a widow of limited means investing the bulk of her savings in such a venture would be incurring great "risk" in a colloquial sense. Yet such a trust would presumably carry a low risk rating according to the proposal.

"Risk" is as beauty in the eye of the beholder. It is not necessarily a function of the investment medium.

Alan J Frost
PO Box 33,
80 Holdenhurst Road,
Bournemouth, Hants.

Selling stamps

From the Director of Marketing, Royal Mail Letters.

Sir,- Selling postage stamps through shops and stores (Mr N Evans, October 7) is a new service being tested by the Royal Mail in Bristol, Nottingham, Preston and York. The trials are among a series of initiatives by the Post Office to make stamps more widely available.

We will be learning from the trials and, given the success of the scheme, we hope to extend it to other areas of the UK. Incidentally, Mr Evans will be interested to know that the discount the Royal Mail is offering retailers matches that offered by other European postal administrations.

David J Brech,
33 Grosvenor Place SW1.

Poorly paid Revenue

From the General Secretary, Inland Revenue Staff Federation.

Sir,- May I follow Mr Denis Crowe's letter of October 13?

An aspect of the argument which has received scant attention is the impact of generous private sector remuneration packages, which include valuable perks, upon the public sector.

Elsewhere in your same issue you report a CBI prediction of a UK shortfall of computer staff of 53,000 by 1991. Mr Crowe reports that at £13,000 pa a computer sector employee could expect a car. That is around the top end pay for an inspector of taxes.

Small wonder perhaps that our *October IRSF newspaper* carries eight pages of jobs offering, for example, the grade immediately below an inspector (a grade on around £10,500 pa at the maximum) up to £17,000 "plus benefits".

But my immediate concern here is not the pay of Inland Revenue Staff - that is presently a matter for negotiation.

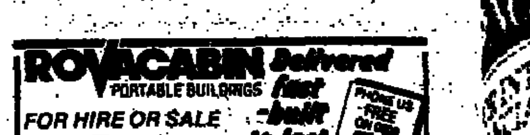
My point is the absence of any serious attention (as, if I may say so, is the case with the socio-economic implications of the over-heated south east) to the consequences for public service. Are we not to care if it *(the service) is not* there, or there but limited?

What is the policy? It cannot all be privatised.

Tony Christopher,
231 Vauxhall Bridge Road, SW1.

FINANCIAL TIMES

Friday October 16 1987



Fiji Governor-General offers resignation

BY ROBERT MAUTHNER IN VANCOUVER AND ROBIN PAULEY IN LONDON

RATU SIR Penaia Ganilau, the Governor-General of Fiji, tendered his resignation to the Queen yesterday "owing to the uncertainty of the political and constitutional situation in Fiji" and the Queen accepted it "with regret", her press secretary announced in Vancouver.

The move was seen by officials at the Commonwealth Heads of Government Conference in Vancouver as an attempt to resolve the crisis caused by the declaration of a republic last week by Col Ratu Sitiveni Rabuka, the leader of two recent military coups in Fiji.

Most Commonwealth members with the exception of India, would like Fiji to remain a member of the Commonwealth. However, it cannot be both a constitutional monarchy with the Governor-General acting as the representative of the Queen, still in place and a Republic at the same time. The departure of the Governor-General clears the way for a reapplication for membership of the Commonwealth by Fiji in which has to be approved unanimously by the other members.

Whether Col Rabuka will succeed in gaining such unanimous backing is highly doubtful. Fiji is likely to win the support of Australia, New Zealand, Britain, Nigeria and most of the African states but Mr Rajiv Gandhi, the Indian Prime Minister, has already made clear to the Conference that he is opposed to any solution of the Fiji crisis which guarantees political supremacy to the Melanisian minority of the popluation, and does not take into account the democratic rights of the Indians who are in a majority.

The message received by the Queen from Ratu Ganilau said ;"Owing to the uncertainty of the political and constitutional situation in Fiji I have now made up my mind to request Your Majesty to relieve me of my appointment as Governor-General with immediate effect. This I do with the upmost regret; but my endeavours to preserve constitutional Governments in Fiji have proved in vain and I can see no alternative way forward.'

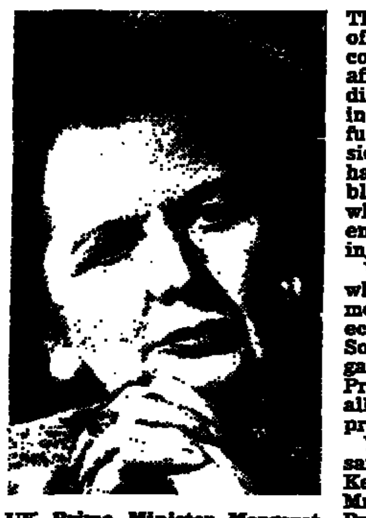
The statement issued by the Queen's Press Secretary said that in the light of the Governor General's decision he could no longer effectively exercise executive authority in Fiji the Queen had accepted his resignation with regret.

'Her Majesty is sad to think that the ending of Fijian allegience to the Crown should have been brought about without the people of Fiji being given an opportunity to express their opinion on the proposal.'

The latest developments in the Fijian affair will be discussed by the Commonwealth Heads of Government at their retreat in the Lake Okanagan.

Champions hit by sanctions fatigue

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN VANCOUVER



UK Prime Minister Margaret Thatcher - not budging an inch

THE COMMONWEALTH Heads of Government meeting in Vancouver has so far been a tame affair compared with its immediate predecessors in London in 1986 and Nassau in 1985. The futuristic and spotless harbourside trade convention centre has remained unsullied by the bloodbath over sanctions which, in the recent past, has enlivened the biennial proceedings.

Why this has been so is somewhat of a mystery. The disagreement over the effectiveness of economic sanctions against South Africa between Mrs Margaret Thatcher, the British Prime Minister, and virtually all her colleagues, remains as profound as ever.

Yet the greatest champions of sanctions, such as President Kenneth Kaunda of Zambia and Mr Robert Mugabe, Zimbabwe's Prime Minister, have become curiously resigned to the impossibility of persuading Mrs Thatcher to budge an inch. The phenomenon has been described as "temporary sanctions fatigue" by Mr Joe Clark, the Canadian External Affairs Minister, whose experience in such matters as a frequent air traveller is great.

It is not, however, that the occasion has been lacking entirely in conflictional interest. Some rombustious jousting has taken place at press briefings between a spokesman not a million miles away from Mrs Thatcher, and, of all people, the Canadian press, whose injured pride has been paraded for public perusal rather like others display their war wounds.

The British source, whose self-imposed anonymity is compensated for by a bluff northern aggressiveness, has offended local opinion not only by his manner. His questioning of official Canadian figures purporting to show the extent to which Canadian trade with South Africa had been reduced as the result of the application of sanctions has been interpreted as an attempt to undermine Canada's fundamental position on South Africa.

The Canadian press, whose scepticism about its own political leaders is matched only by its zeal in defending their foreign policies, particularly towards the developing world, has risen to the bait, like the country's famed salmon. As a result, a verbal protest was reported to have been made by Mr Clark to Sir Geoffrey Howe, his British colleague, whose influence over the proverbial British source is at best tenuous, and an official Canadian note-taker has been sent to British briefings.

A storm in a teacup? Perhaps. But international incidents are made of such stuff.

Leaders to work for more open trading

By our Diplomatic Correspondent

COMMONWEALTH LEADERS yesterday adopted a declaration on world trade strongly opposing the implementation of protectionist measures which they said would increase the risk of further exchange rate instability and would exacerbate the problem of indebtedness.

The declaration also welcomed the progress of trade negotiations in the Uruguay Round and pledged the Commonwealth to work for a balanced outcome of the negotiations with the aim of developing a more open, viable and durable multilateral trading system.

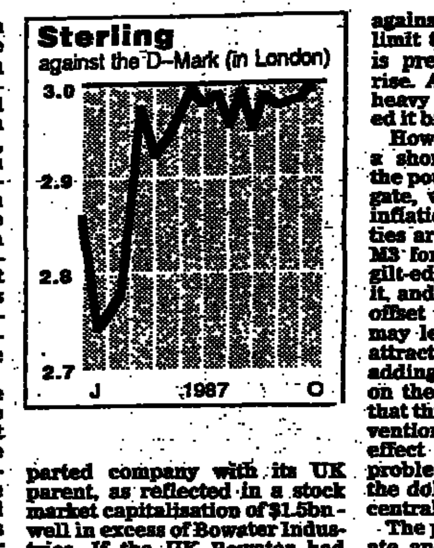
The declaration also said the Commonwealth heads of government had agreed on the crucial need for reform of all trade distorting agricultural policies, both domestic and international. They urged early action on agriculture in the Uruguay Round so as to reduce the uncertainty, imbalances and instability in world markets.

Mr Joe Clark, the Canadian External Affairs Minister, announced at the same time that Canada would convert C$347m (US$266m) in outstanding development assistance loans to six Commonwealth countries in sub-Saharan Africa into grants. The countries affected are Kenya, Zambia, Zimbabwe, Nigeria, Ghana and Swaziland. This followed an announcement at the Francophone summit last month that Canada would seek parliamentary approval to cancel C$325m of ODA loans to selected Francophone countries.

THE LEX COLUMN

BP's partial allure

With the BP issue underwritten and the money in the bag, the Government can look back on the whole exercise with reasonable satisfaction. It arrived three months too late to catch the peak of the London market, but the 350p market price which served as benchmark for the issue was only 16 per cent down from July's all-time high. The hyping of the share price from late August by the Government's advisers was also a neat piece of work, even if it was largely undone in the last couple of weeks by the market's determination to push the price back down before impact day.



For the private investor, the 330p offer price looks safe enough. Given the 19p discount to the prevailing price and the 20p-odd time value of the second and third instalments, the price of the 120p partly-paid could in theory go as high as 160p - a premium of over 30 per cent. Much can happen, of course, between now and first dealings on October 30, but it would take a fall of over 10 per cent in the fully paid - from 350p to 310p - to wipe out the premium entirely.

The sums for the UK institutions are slightly harder. Those who are already up to weight in BP and are being topped up by the one-for-twelve rights issue may ask themselves why they should bother, especially since the clawback provisions could leave them with only 15 per cent of the issue. This in turn could make the impact on institutional cash flow surprisingly slight. Allowing for the 50 per cent of the rights issue to which UK institutions are entitled, the allocation could be as little as £1.5bn, or a first payment of £600m - small potatoes to a market which could swallow Blue Arrow.

The more bullish argument would depend on a rise in the oil price, in which case the issue would be doubly geared through its partly-paid nature and BP's exposure upstream. For those less sanguine, there is always Shell.

Bowater

It is ironic that on the day that Bowater Industries announced a $226m acquisition to re-establish a major presence in the US market, its former US newsprint operations, which were demerged into Bowater Inc just over three years ago, reported a doubling in third quarter net profits to $23m. As the biggest US newsprint producer, the US firm has flourished since it parted company with its UK parent, as reflected in a stock market capitalisation of $1.5bn - well in excess of Bowater Industries. If the UK Bowater had stuck with its US forest products operations, it might not now be scrambling to rebuild a presence. That, however, is water under the bridge, and the acquisition of Rexham will roughly treble the size of Bowater Industries' US operations and provide a significant base to expand its US packaging and industrial interests.

The UK company has had to top a $53 a share offer from Mr Asher Edelman, the ubiquitous US corporate raider, to win the support of the local management. It is paying a relatively high 22 times historic earnings, or considerably more when calculated against the current year's nine month pre-tax profits of $9m which have been depressed by exceptional items. However, the new acquisition should recover strongly next year, and prospective 1988 earnings of 40p, say, should only be diluted by a couple of pence. Meanwhile, Bowater's new management team stresses that Rexham is not the rumoured new leg for the business that it has been seeking. Its gearing will only be 60 per cent by the year end, leaving the new chairman - an old BTR hand, after all - plenty of room for another chunky acquisition.

Sterling

Much as the markets were upset by Wednesday's US trade figures, the numbers have at least temporarily relieved the UK authorities of their problem on the pound/D-Mark exchange rate. It is not likely to disappear for long. Since May sterling has been repeatedly knocking up against DM3, reckoned to be the limit to which the Government is prepared to let the pound rise. At times only some quite heavy intervention has prevented it breaching that ceiling.

However, intervention is only a short-term solution. Selling the pound inflates the M3 aggregate, with consequent fears of inflation. Even if the authorities are no longer interested in M3 for targeting purposes, the gilt-edged market still looks at it, and expects extra funding to offset the intervention. That may lead to higher UK yields, attracting more capital inflows, adding to the upward pressure on the pound. Indeed, the fact that this kind of sterilised intervention may have no long-term effect on currency rates is a problem in the management of the dollar, as the West German central bank has discovered.

The position is not yet desperate and next week's UK trade figures might have an effect on the pound similar to that which the US figures had on the dollar. But sterling is unlikely to be depressed for long. If intervention cannot be continued for ever, the UK Government has a simple choice - cut interest rates or let the pound rise. Picking the first would run counter to the authorities' concern about checking domestic inflationary pressures. By contrast the latter policy would help to restrain UK inflation, and if the pound jumped to the DM 3.10 or even DM 3.20 when released, there could even be suggestions of further interest rate cuts. But that sort of rate for the pound is perhaps not where the UK could comfortably join the EMS.

WPP

The fact that Mr Martin Sorrell's WPP Group is still selling on a prospective 1987 multiple of over 30 times earnings whilst Saatchi & Saatchi, his former employer, is trading at a modest 12 times earnings, indicates that the City has more faith in WPP's efforts to revamp the financial performance of J. Walter Thompson than in the Saatchi's ambitions in financial services. Not that WPP has been without its problems since it took over JWT last Summer. Three of its biggest clients jumped ship within weeks of the Brits moving in and financing costs have been rising. But it seems as if the effects of WPP's strict financial controls have more than offset the loss of client income and enabled it to take over $60m of working capital out of the business.

Eurotunnel sets date for offer

By Paul Betts in Paris

PARTNERS in Eurotunnel, the Anglo-French Channel tunnel consortium, have agreed to launch a £750m ($1.24bn) public offering of shares on November 16.

Mr Graham Corbett, who has been running accountants Peat Marwick's continental European business in Paris, will become financial adviser to the consortium's two co-chairmen, Mr Alastair Morton and Mr Andre Benard.

Mr Corbett will help set up a strong permanent financial structure for the consortium as funds from the recently syndicated £5bn bank loan and next month's equity offering start to flow in.

Eurotunnel's flotation will be preceded by a capital restructuring aimed at reducing the nominal value of the company's shares to bring them more in line with UK stock market prices.

Share values have traditionally been much higher in France than in the UK. One leading financier remarked: "Anything under FFr300 ($50) does not look very serious in France and is regarded as a penny share."

Eurotunnel's share capital is made up of units, each comprising one British share and one French share. When institutional investors subscribed to a private placing last autumn, the units were issued at FFr120 plus £12 each.

Institutions were told then that the public offering of Eurotunnel units would be at a 40 per cent premium to this price, valuing each unit at about FFr170 plus £17.

However, the partners have agreed to reduce the nominal value by issuing 10 for every one held. The new units will therefore be priced at about FFr17 plus £1.70 - in other words, about £3 to £4 each.

About £300m worth of stock will be sold in London, £300m worth in Paris and the remaining £150m worth on other international stock markets.

An underwriting and selling syndicate has been formed for the French offer led by Banque Indosuez, Credit Lyonnais, and Banque Nationale de Paris and including the Credit Agricole and the Caisse des Depots. Paris is increasingly optimistic over the prospects of the £300m British portion of the offer.

British Petroleum sell-off is biggest ever international issue

BY RICHARD TOMKINS IN LONDON

THE UK Government yesterday launched its £7.2bn ($11.8 bn) offer for sale of shares in British Petroleum , the state-owned oil company. Although not the world's largest share offering, it is the biggest sale of shares yet in the growing international equity market.

Half the 2.2bn shares will be offered to the British public at the fixed price of 330p, and the rest will be offered to institutional investors in Britain and overseas at a minimum tender price set at the same level.

N.M. Rothschild, the Government's merchant bank adviser, said that levels of demand for the share offering overseas were very high and that the underwriting of the issue had been one of the smoothest for some time.

The portion sold outside the UK is likely to be worth a minimum of £2bn, topping the $2bn Fiat offering last year, and will thus be a major test of the market's distribution capabilities.

Prime Minister Margaret Thatcher's Government has predicted that small investors in the UK could hope to see a premium of anything up to 32 per cent when dealings begin.

Privatisation of state assets was a central theme in Mrs Thatcher's historic third consecutive election win last summer. So far this year, receipts from asset sales total just over £4bn.

Mr Norman Lamont, Financial Secretary to the UK Treasury, confirmed that the shares to be sold in the UK public offering would be priced at 330p, of which 120p would be payable on application and the rest in two instalments of 105p.

The fully-paid price represents a discount of 17p to BP's opening price of 347p yesterday. But the Government expects the market to value the new shares at a higher price than the existing ones because their partly-paid status enables them to be bought on interest-free credit.

Calculations by N.M. Rothschild, suggest that the theoretical extra value of this bonus is 21.5p. When added to yesterday's discount of 17p, that represents a premium of 32 per cent to the 120p initial payment.

Just under 2.2bn shares are being sold. Some 1.7bn are coming from the Government, which is selling its last remaining 31.5 per cent stake in BP, and the rest are new shares being issued by BP itself to raise £1.5bn for the company's development.

However, if the British offer is more than 1½ times subscribed, the Government may increase it to 62.5 per cent of the total offer at the expense of the institutional portion. If it is more than twice subscribed, this will definitely happen.

In an effort to encourage small shareholders to apply, a minimum application level of 80 shares has been set costing £96 initially. Mr Lamont said the issue would be "another step on the road towards real popular capitalism.

Mr Gordon Brown, the opposition Labour Party spokesman, yesterday said he calculated the total cost of the issue on subsidies, bonuses and City of London fees would be at least £1bn and attacked the sell-off as "a disgrace."

Philip Stephens, Economics Correspondent, writes: Arrangements for the BP offer mean the Government will meet comfortably and, more likely exceed, its £5bn target for privatisation proceeds in the current 1987/88 year.

For the 1988/89 financial year which begins next March, instalments due on the sales of British Gas, the British Airports Authority and BP, now guarantee the Treasury over £4.5bn.

But it now seems certain that it will raise the target for one or both years when the government's Autumn Financial Statement is published next month. A decision to leave next year's target unchanged would imply a 12-month lull in the privatisation programme which is unlikely to be politically acceptable.

At its minimum tender price the BP sale would add a net £1.1bn (after payment to BP of £1.5bn). The premium over the minimum price likely to paid by institutional and overseas investors could add a further £200m to £300m.

Guinness adviser arrested

By Clive Wolman in London

MR ROGER SEELIG, the former Morgan Grenfell corporate finance director who was one of the City of London's most successful advisers on takeover battles, was arrested yesterday by detectives investigating the Guinness affair.

It was the fifth arrest by the fraud squad of the London Metropolitan police in connection with the £2.5bn ($4.15bn) Guinness takeover bid for Distillers and the second this week.

Like Mr Gerald Ronson, the chairman of the Heron Corporation who was arrested on Tuesday, Mr Seelig was arrested after going to the fraud squad's headquarters for an appointment yesterday morning. He was still being questioned nine hours later. Charges were expected to be brought against him later in the evening.

Mr Seelig is the first former merchant banker to have been arrested in the connection with the affair. He resigned from Morgan Grenfell in December 1986, just four weeks after Trade and Industry Department inspectors launched their inquiry into Guinness.

During the Guinness takeover bid for Distillers in early 1986, Mr Seelig acted as the chief adviser to Guinness at the insistence of Mr Ernest Saunders, Guinness chief executive.

He continued as an active adviser in the summer of last year during the controversy over Mr Saunders' failure to appoint Sir Thomas Risk as the new chairman of Guinness. He resigned from Morgan Grenfell after evidence came to light of a £7.5m tranche of Guinness shares which were bought by clients of the merchant bank Henry Ansbacher in the later stages of the takeover battle for Distillers.

The clients had been given assurances by Henry Ansbacher that they would be indemnified for any loss suffered as a result of their purchase. It later emerged that Guinness's own money was used to honour the indemnity

Belgian government crisis

Continued from Page 1

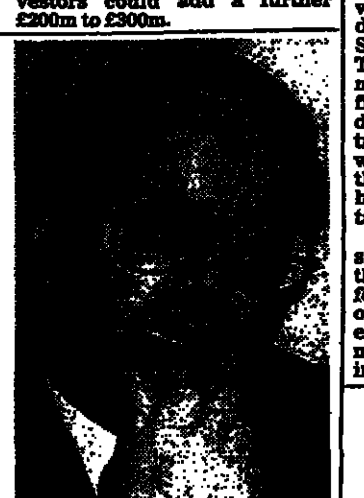
(CVP), who issued an ultimatum that action had to be taken to remove Mr Happart by yesterday.

Hopes had been raised in the past few days by rumours of a Martens compromise which, if implemented, would have led to the eventual dismissal of Mr Happart. But despite protracted negotiations - including a meeting of senior ministers which ended at 5.30am yesterday - the deal appears to have proved unacceptable to all the four parties in the coalition (which apart from the CVP comprises the French-speaking Christian Democrats and the Flemish and French-speaking Liberals).

This time a year ago, Mr Martens' resignation prompted the four parties to patch over their differences and agree a temporary solution. The Prime Minister staved off another crisis with a new compromise in June, which many observers felt could last until the next elections in mid-1989.

The options now are for another compromise to be stitched together behind the scenes, or an early poll. "Anything is possible," a government official said last night.

The Belgian stock market fell sharply yesterday, partly on developments in Wall Street but partly on fears that a new coalition might bring back the Socialists and weaken the Government's commitment to budgetary restraint.



Wilfried Martens: tendered his resignation

Soviets review dissident laws

Continued from Page 1

Gorki. His presence in Moscow, where he is frequently visited by Western statesmen, has been of major benefit to the Government's reputation over the past year.

There are no precise figures for the numbers held in camps or prison but Dr Roy Medvedev, the dissident historian, said earlier this year he thought the total number was between 2,000 and 2,500. Western diplomats in Moscow said they thought some 700 of these were held for political offences, most of them under articles 70 and 190 of the criminal code.

The main motives of the Soviet authorities in releasing the dissidents is a genuinely more liberal attitude to dissent and a belief that the human rights issue was inflicting very serious damage to the Soviet Union's international reputation.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	25	73	Dubrovnik	S	22	72	Malta	F	27	81	Rhodes	S	25	77
Algiers	S	27	81	Edinburgh	R	8	46	Manchester	F	11	52	Rio de J'o	C	26	79
Amsterdam	C	13	55	Faro	F	22	72	Manila	C	32	90	Rome	F	24	75
Athens	S	25	77	Florence	C	20	68	Melbourne	F	23	73	Salzburg	S	21	70
Bahrain	S	31	88	Frankfurt	R	16	61	Mexico City	S	25	77	San Francisco	C	20	68
Bangkok	S	33	91	Funchal	S	25	77	Miami	S	26	79	Seoul	C	19	66
Barcelona	F	21	70	Geneva	C	17	63	Milan	R	13	55	Singapore	F	31	88
Beirut	C	25	77	Gibraltar	F	22	72	Montreal	R	13	55	Stockholm	C	11	52
Belfast	R	6	43	Glasgow	R	7	45	Moscow	S	10	50	Strasbourg	F	18	64
Belgrade	S	23	73	Guernsey	R	10	50	Munich	S	20	68	Sydney	S	21	70
Berlin	S	17	63	Helsinki	R	8	46	Nairobi	F	28	82	Taipei	S	30	86
Biarritz	C	20	68	H. Kong	Th	27	81	Naples	F	22	72	Tangier	F	23	73
Bombay	S	35	95	Innsbruck	F	17	63	Nassau	S	29	84	Tel Aviv	F	26	79
Bordeaux	C	17	63	Inverness	C	5	41	New Delhi	C	33	91	Tenerife	S	25	77
Brussels	R	12	54	Islamabad	C	29	84	New York	S	16	61	Tokyo	R	17	63
Budapest	F	17	62	Istanbul	F	19	66	Nice	C	21	70	Toronto	R	17	63
B. Aires	-	-	-	Jakarta	C	30	86	Nicosia	S	27	81	Tunis	S	29	84
Cairo	F	28	82	Jersey	R	10	50	Oporto	C	19	66	Valencia	F	25	77
Cape Town	S	26	79	Jo'burg	F	15	59	Oslo	R	11	52	Venice	F	17	63
Caracas	C	29	84	Lima	R	21	71	Paris	R	15	59	Vienna	S	26	79
Casablanca	S	25	77	Lisbon	C	22	72	Peking	-	-	-	Warsaw	C	11	52
Chicago	C	11	52	London	R	11	52	Prague	C	12	47	Washington	-	-	-
Cologne	R	14	57	Los Angeles	C	22	71	Reykjavik	S	3	37	Zurich	F	16	61
Copenhagen	R	13	55	Luxembourg	R	14	57								
Corfu	S	23	73	Madrid	C	17	63								
Dallas	-	-	-	Majorca	F	22	72								
Dublin	C	8	46	Malaga	S	22	72								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Chemical raises rate

Continued from Page 1

this rise is reflective of the spirit of our recent consultations."

Then he added remarks which were interpreted as indicating that he was prepared to see a further decline in the dollar on the foreign exchanges.

Referring to the February agreement at the Louvre in Paris on co-ordinating economic policies between the seven major industrial countries, Mr Baker said, "we have seen adjustments under the the Louvre framework before, for example the Yen/dollar adjustment in April. That adjustment was managed effectively and it contributed to a lengthy period of stability."

Apart from voicing strong criticism of West German monetary policy Mr Baker, in the wake of another increase in the prime rate and a record plunge in share prices on Wednesday, set out to try to calm inflationary fears in the financial markets.

He said that the September increase in the Federal Reserve's Discount Rate had demonstrated that the central bank is "sensitive to inflationary expectations." But he added, "we think inflationary expectations are overblown. Inflation is under control."

FINANCIAL TIMES
Friday October 16 1987

AT&T carries out big computer side shake-up

BY ANATOLE KALETSKY IN NEW YORK

AMERICAN TELEPHONE & Telegraph yesterday announced a major reorganisation of its loss-making computer division, in a move which clearly signals its determination to stay in the computer business and to translate the widely-recognised technological superiority of its computer products into strong financial results.

The move follows last month's announcement of two powerful new AT&T computers. One, the 6386, will be the first personal computer to take full advantage of the enhanced capabilities of the Intel 80386 microprocessor incorporated in the new generation of IBM and other machines.

The other, the 3B4000, was AT&T's biggest minicomputer to date, aimed at the $17bn transactions processing market, which includes airline reservations and bank teller systems.

The main effect of yesterday's organisational change will be not only to upgrade AT&T's computer business within the corporate hierarchy, but also to expand its sales force.

The huge losses sustained by the AT&T computer business – estimated by analysts at almost $1bn last year – have generally been attributed to poor marketing, rather than manufacturing problems or product design.

AT&T's personal and minicomputers have generally been highly-regarded within the industry, particularly because of the superior capabilities of the company's Unix operating system, in comparison with the MS-DOS system used by IBM.

But unlike Digital Equipment, another technologically-driven computer manufacturer which has managed to overtake IBM in several important markets, AT&T has failed to get its message across to customers.

One reason identified by many Wall Street analysts was the absence of a sales force specifically dedicated to marketing computers.

AT&T is now putting both computer manufacturing and sales under the direct control of Mr Vittorio Cassoni, a rapidly-rising executive who was recruited last year from Olivetti of Italy. His mission is to revamp the AT&T's computer activities.

Mr Cassoni, whose data systems division was formerly part of AT&T's business markets group and shared its sales force with other business products, will now head a newly-formed data systems group, reporting directly to Mr Randall Tobias, AT&T's vice-chairman.

Coca-Cola raises earnings by 16%

By Our New York Staff

COCA-COLA, the leading US soft drinks company, increased its net income by 16 per cent to $271m or 72 cents a share in the third quarter from $233m or 60 cents a year earlier.

The company's operating revenues fell by 2 per cent to $2.48bn, largely because of the continuing programme of asset disposals and stockmarket spinoffs which has become a hallmark of Coca-Cola's corporate strategy in recent years.

The latest such sale has been the public offering of 51 per cent of TCC Beverages, the main Canadian bottler of Coca-Cola.

Volumes in the core soft drinks division have continued to grow steadily, with a 5 per cent gain in the US and a 3 per cent improvement overseas.

International operating income increased "significantly faster" than volume because of margin improvements and currency translation benefits.

The company's profits in the third quarter included a pre-tax capital gain of $40m related to the TCC flotation. However, this one-time benefit was largely offset by a $36m pre-tax charge related to cutbacks in Coca-Cola's food division, where demand has been weakening for the company's most important product, Minute Maid orange juice.

Coca-Cola's entertainments business sector, which includes the Columbia Pictures film and televison studios, suffered a decline in operating earnings.

This business is to be combined with Tri-Star Pictures, which is currently a 37 per cent-owned affiliate of Coca-Cola, and then floated on the stockmarket within the next few months.

US DRUGS GROUP BRINGS GLIMMER TO WALL STREET

Merck lifts earnings by 37%

BY JAMES BUCHAN IN NEW YORK

MERCK, the large US pharmaceuticals group that is Wall Street's wonder stock, yesterday reported an unstoppable 37.2 per cent increase in net earnings for the third quarter to $237.6m. Per-share earnings were up 40.3 per cent at $1.74.

The results, which show an acceleration of profits growth at the New Jersey company, brought a glimmer to yesterday's market, with Merck stock climbing $34¾ to $195 in early trading. Merck, the most highly-valued stock relative to earnings in the Dow Jones Industrial Average, had fallen more than $7 in Wednesday's market collapse.

Sales in the September quarter grew at a more sedate 24 per cent to $1.3bn. But much of the growth is coming from new drugs, such as Merck's Vasotec hypertension treatment, which carry generous profit margins and foreign earnings are being boosted by translation into a weaker dollar.

Mr Roy Vagelos, chairman, said: "Income growth and improved earnings margins resulted from strong unit volume gains, a better product mix, a lower effective tax rate, the continuation of cost controls and productivity improvements, as well as the favourable effect of exchange."

Merck profits grew 28 per cent in the first-quarter over the 1986 March quarter, and 36 per cent in the second-quarter. Earnings for the nine months were $674m or $4.93 a share against $503.9m or $3.56. Sales were $3.67bn as against $2.98bn.

Upjohn, a more diversified drug company, yesterday reported a 23 per cent climb in earnings in the third-quarter to $75m or 40 cents a share. Sales grew 8.6 per cent to $609m.

After nine months, Upjohn has reported earnings of $234m or $1.25 a share as against $188m or $1.01 a share. Sales were $1.9bn against $1.78bn.

A third drug company reporting yesterday, Warner-Lambert, said it enjoyed net income of $75.2m or $1.06 a share, an improvement of 11.9 per cent over the $67.3m or 91 cents of the 1986 September quarter. Sales advanced 14.7 per cent to $897.1m.

Warner-Lambert, which also operates a large confectionery business, earned $229.6m or $3.20 a share as against $258m or $3.39 a share – including a 64 cents special gain – in the first nine months. Revenues were $2.58bn as against $2.29bn.

At Eli Lilly, record third-quarter results of $150m or $1.02 a share were reported, compared with $135.6m or 95 cents. The result came despite generic competition for US sales of its oral antibiotic Keflex.

Increased sales and favourable exchange rates helped boost worldwide drug sales, the company said. The oral antibiotic Ceclor, the human insulin Humulin, and the cardiovascular drug Dabutrex performed especially well internationally. Nine-month profits rose from $433.9m or $3.02 a share to $505.5m or $3.03.

Pfizer also lifted third-quarter profits, from $176.8m or $1.04 a share to $185.8m or $1.10. It warned, however, that its target of 10 to 15 per cent net income growth in 1987 may not be achieved because of heavy investment in research and development, and marketing.

Borg-Warner sells finance arm

BY OUR NEW YORK STAFF

BORG-WARNER, the diversified Chicago-based motor components engineering company which was taken private last summer in a $4.2bn leveraged buyout, has sold its commercial finance business to Transamerica for $782.5m.

For Transamerica, which was at one time a widely-diversified financial conglomerate based in San Francisco, the purchase is the latest step in a long-term restructuring designed to take the company out of its many "non-core" businesses and focus all its activities in insurance and consumer and commercial finance.

BWAC, the company Transamerica is buying from Borg-Warner, includes the Borg-Warner Acceptance Corporation and several other inventory and business financing subsidiaries. BWAC's total assets at the end of June were $4.1bn and its after-tax profits in 1986 were $79.9m.

The acquisition will therefore add nearly a quarter to Transamerica's total size.

At the end of June Transamerica's total assets were $17.3bn, deployed mostly in insurance, transport equipment leasing and consumer finance. Its after-tax earnings in the first nine months of 1987 were $354.8m.

For Borg-Warner, which sought refuge in private ownership after an aggressive takeover bid from Mr Samuel Heyman's GAF Corporation, the sale of BWAC is likely to be followed by further significant asset disposals. The leveraged buyout, which was led by Merrill Lynch Capital Partners, increased Borg-Warner's debt to around $4bn.

Reebok hit by labour unrest

BY OUR FINANCIAL STAFF

REEBOK INTERNATIONAL, the largest US sports shoe producer, suffered a sharp slowdown in third quarter profits after labour unrest in South Korea disrupted production at its factories there which supply as much as 85 per cent of the group's needs.

Despite a 41.3 per cent jump in sales to $408.4m compared with $289.1m, net earnings rose just 10.2 per cent to $49.7m from $45.1m – on a per-share basis, 44 cents against 42 cents.

Seven weeks ago Mr Paul Fireman, the chairman, warned that Korean production delays would leave earnings per share only slightly higher than the comparable period of last year as an order backlog built up.

He thought it unlikely that all shipments could be made by the end of the year.

The company, 32 per cent owned by Pentland Industries of the UK, has since been acting to reduce its reliance on Korea, but Mr Fireman said yesterday that the company's production commitment there "will increase going into 1988 and 1989" in a relationship which he described as having "never been stronger."

He added, though, that "we have also taken steps to ensure adequate supplies for our growth by developing additional production in other parts of the world."

Reebok has also been expanding its clothing side, most recently with the L84bn ($64.3m) purchase of Ellesse, the Italian maker of own-label sportswear.

That deal, agreed at the end of August, has not begun making a contribution to group earnings but Reebok said improved margins at Rockport and Avia, two producers of casual shoes acquired in the past year had helped offset the Korean difficulties.

For the nine months, when revenues reached $1.05bn against $679.1m, net profits rose 27.4 per cent to $131m from $102.8m, or $1.19 a share compared with $1.

Imasco delays offer plans

By Our Financial Staff

IMASCO, the Canadian tobacco, fast food and retailing group, is delaying plans to reduce its 100 per cent holding in its financial services subsidiary to 65 per cent by means of a secondary offering to the public.

Imasco said it will wait for better stock market conditions. The subsidiary is CT Financial Services, which in turn owns 99 per cent of Canada Trustco Mortgage Corporation, the country's seventh largest financial institution.

Imasco, as a diversified group, had agreed to reduce its CT Financial holdings by 1991 to comply with new federal government guidelines.

Continental Illinois 46% ahead

By Our New York Staff

CONTINENTAL ILLINOIS, the big Chicago bank which has been operating under federal government supervision since its near-collapse three years ago, reported a 46 per cent jump in net income to $60.1m or 24 cents a share, compared with $41.1m or 15 cents in the third-quarter of 1986.

The bank's total assets at the end of last month were $31.5bn, compared with $28.5bn a year earlier.

Continental said that sharp declines in investment portfolio gains and interest collections from Brazil and Ecuador were more than offset by gains from venture capital interests and lower loan loss provisions.

It transferred $203m of poor quality loans to the Federal Deposit Insurance Corporation during the quarter, bringing to $1.5bn the total loans assumed by the FDIC as a result of the 1984 rescue. Continental Illinois' right to transfer such loans expired on September 26, 1987.

● Marine Midland Banks, the New York-based affiliate of Hong Kong and Shanghai Banking Corporation, achieved a 39 per cent improvement in net profits, to $49.3m or $2.47 a share, in the third-quarter, on total assets of $25.1bn, compared with $35.4m or $1.75, on assets of $23.5bn a year ago.

The higher profits partly reflected a 22 per cent growth in the bank's average loans outstanding, partly offset by a tightening of interest margins.

There was also strong growth in non-interest earnings from fee-based services.

Philip Morris posts sharp improvement

BY OUR NEW YORK STAFF

PHILIP MORRIS, the large US tobacco, food and brewing group, has reported a strong advance in third-quarter earnings, despite a heavy charge to earnings for the reorganisation of its General Foods subsidiary.

Philip Morris, which is based in New York City, reported a 21.3 per cent increase in third-quarter earnings to $502m or $2.11 a share. Sales increased 8.9 per cent to $6.97bn.

However, earnings in the third-quarter were reduced by $22m or 9 cents a share as a result of a $117m pre-tax charge against earnings for the restructuring of General Foods.

The food group, which Philip Morris acquired in a mammoth $5.8bn diversification in late 1985, has long been regarded as flabbily-managed in comparison to its parent.

The charge was partly offset by a once-and-for-all pre-tax gain of $46m from the sale of a barbecue sauce business.

In the first three quarters of the year, Philip Morris reported earnings of $1.4bn or $5.73 a share, an increase of 22.5 per cent on the $1.1bn or $4.63in the first three quarters of 1986. Sales were $20.6bn as against $18.9bn.

Strong demand at Bowater Inc lifts profits

By Our Financial Staff

BOWATER INC, the largest US newsprint manufacturer, boosted third-quarter net profits from $11.6m, or 36 cents a share, to $23m, or 59 cents, with strong demand, better production and higher prices benefiting every leading product line.

The company, which is also a big producer of coated papers, kraft market pulp, and computer business forms, has had a good year, raising its dividend by 11 per cent in January.

Third-quarter sales rose from $237.3m to $303.9m, and the nine-month profit figure was $51.6m, or $1.35 a share, against $35.5m or $1.07.

Mr Anthony Gammie, chairman and chief executive, said that a glut in lightweight coated paper anticipated by some did not occur, and in contrast the upturn, predicted by the company, was quite sharp.

HCA net income rises to $66.5m in quarter

BY OUR NEW YORK STAFF

HOSPITAL CORPORATION of America, the large US health care group which recently sold 104 low-profit hospitals to its employees, has increased its third-quarter net income to $66.5m or 80 cents a share from $53.8m or 65 cents in the corresponding 1986 quarter.

But the results are so distorted by the $1.6bn hospital sale and by charges to account for HCA's wrenching adjustment to its difficult market, that comparison between the two quarters is impossible. Sales revenues, which include the contribution of the divested hospitals up to August, were $1.16bn, against $1.24bn.

The group puts nine-month net income at $208m or $2.52 a share against $216.7m or $2.57 previously on revenues of $3.8bn against $3.7bn.

HCA, which as industry leader has been badly hit by price controls on the US Government's Medicare programme and cost-cutting by insurers, said the third-quarter figures included: a $154m after-tax gain on a hospital sale; a $73m pre-tax charge to recognise uncollectable bills; and a $126m pre-tax write-down of investments and properties.

In addition, HCA is continuing to bear heavy costs from its attempt to write its own health insurance, now a joint venture with the Equitable Life insurance group and known as Equicor.

HCA's share in Equicor's third-quarter loss was $12.5m but the company said it remains committed to the business.

Mr Thomas Frist, HCA chairman, said the results "do not fully reflect the benefits of HCA's significant restructuring programme."

The hospital sale will permit HCA to buy back about $600m of its own stock under a tender offer which closes on October 22 and to pay back some $850m in debt, he said.

If all the transactions had occurred before the beginning of the year, he said HCA would have earned $70m or 99 cents a share in the first nine months of this year after charges. Revenues would have been $2.67bn

Apple beats earnings expectations

By Our San Francisco Correspondent

APPLE COMPUTER, the US personal computer manufacturer, has reported stronger than expected earnings and sales for the fourth-quarter.

Sales rose 54 per cent to $786.4m while earnings were well above analysts' predictions at $71.7m or 54 cents a share, an increase of 116 per cent on the $32.9m or 25 cents registered in the same period last year.

For the full year, Apple's sales rose by 40 per cent to $2.7bn from $1.9bn in fiscal 1986. Net earnings for fiscal 1987 were $217m or $1.65 a share – a 41 per cent advance on the $154m or $1.20 (adjusted for a two-for-one stock split) recorded in fiscal 1986.

Semiconductor sector lifts Motorola

By Louise Kehoe
In San Francisco

MOTOROLA, the US electronics manufacturer, reported a strong rise in sales and earnings boosted by sharply-higher profits in the semiconductor sector.

Earnings rose to $70m, or 54 cents a share, from $31m or 24 cents in the third-quarter of last year.

Revenues increased from $1.4bn to $1.7bn. For the nine-month period, earnings were $206m or $1.60 a share, up from $131m or $1.04 in the same period a year ago. Sales increased to $4.9bn from $4.3bn.

The company said semiconductor sales rose by 23 per cent in the third-quarter with sharply-higher profits and record demand for microprocessors – the chips used to build personal computers and computer workstations.

Sales increased throughout the company's communications, automotive electronics, government electronics and information products operations.

However, Motorola said profits were down in the government electronics division and that the computer group operated at a loss during the quarter.

Digital's results disappoint market

BY OUR NEW YORK STAFF

DIGITAL EQUIPMENT, the successful US computer company which has become one of the highest-flying stocks on Wall Street, last night reported disappointing results which seem to confirm a gradual flattening in its spectacular growth-curve.

Digital made net profits of $270m, or $2.03 a share, in the three months ended September 28, the first quarter of its financial year.

Although these profits were 48 per cent above the $182.6m reported a year ago, they could prove inadequate to match the market's over-exuberant projections.

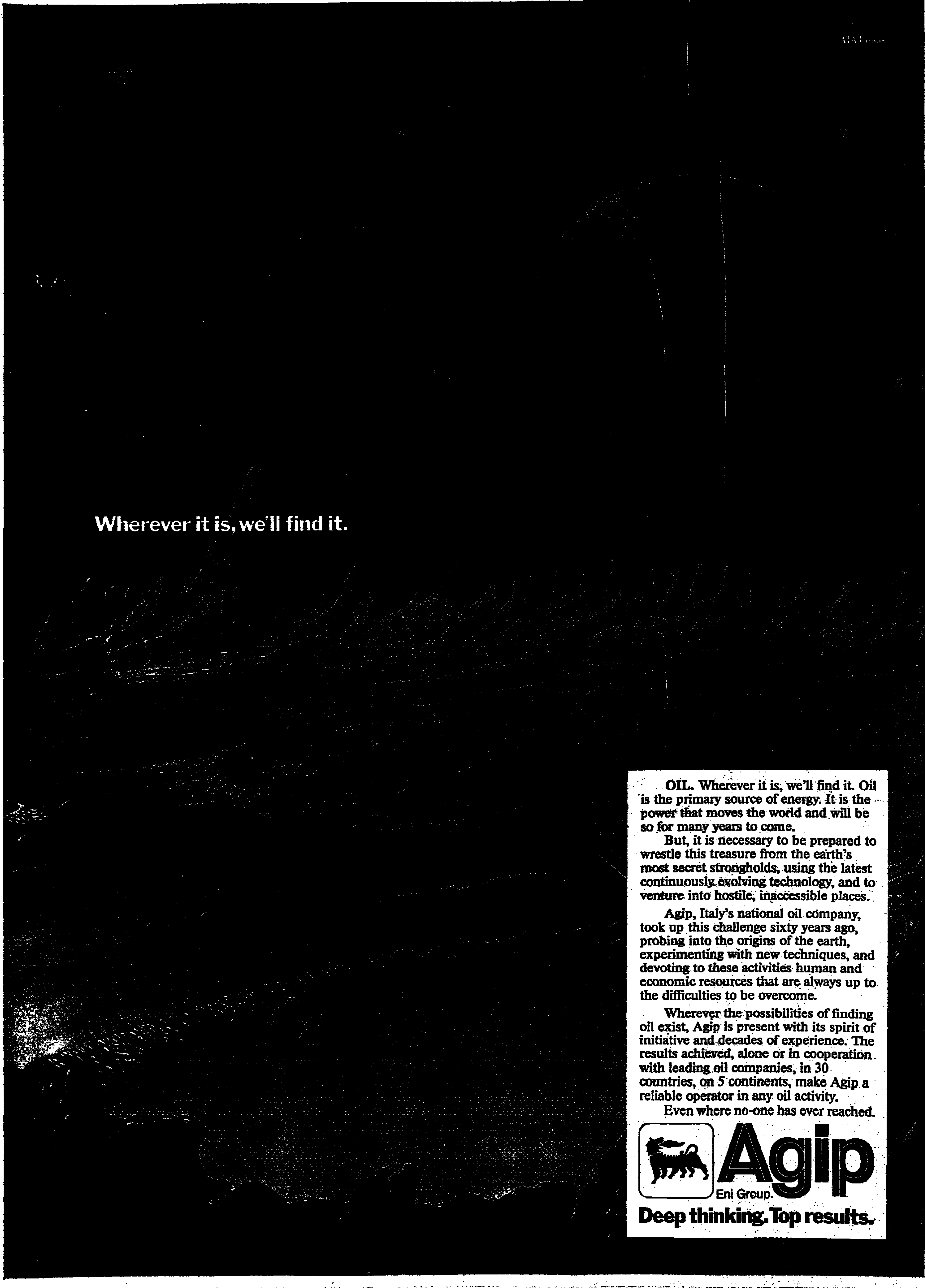
The median projection for Digital's earnings in the September quarter was $2.10 a share, according to a recent survey of 17 analysts conducted by Institutional Brokers estimate system, a service of Wall Street broker Lynch Jones and Ryan.

Digital's results were also well below the $377m earnings it reported in the three months to June. When those results were announced last July, they set off a wave of selling in spite of being 58 per cent up on the previous year.

However, abstracting from the inflated expectations, Digital's latest results present a generally positive picture.

The company's revenues, at $2.52bn, were 25 per cent up on the quarter a year earlier and only 10 per cent down on the June quarter, which is traditionally the strongest of the year.

The company said orders remained firm in Europe, which has been a particularly strong market in recent months, while accelerating in the US.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INTERNATIONAL COMPANIES & FINANCE

Dutch Government in talks over fresh Fokker financing

BY LAURA RAUN IN AMSTERDAM

THE DUTCH GOVERNMENT confirmed yesterday it is holding urgent talks with Fokker and its creditor banks to arrange fresh financing for the ailing aerospace company.

A terse statement released by the Economics Ministry said: "All the parties are prepared in the very short term to determine a position with respect to the improvement of Fokker's solubility and liquidity."

Both Mr Rudolf de Korte, the Economics Minister, and Mr H. Onno Ruding, the Finance Minister, met representatives of Fokker, as well as Algemene Bank Nederland and Amsterdam-Rotterdam Bank on Wednesday to "solve the problems of further financing of development and production costs of the Fokker 50 and Fokker 100."

Yesterday's announcement was the first time the centre-right Government has officially acknowledged being in negotiations with the Schiphol-based company.

Earlier this week, Fokker disclosed that it was seeking continued financial support from the banks and Government, while imposing drastic austerity measures, including employee layoffs.

The news was greeted yesterday with some relief on the Amsterdam Stock Exchange, where Fokker's share price rebounded by a modest 5 per cent to Fl 45, after plunging by 25 per cent the day before on reports of a cash-flow crisis.

Bergesen suffers modest setback

BY KAREN FOSSLI IN OSLO

OPERATING income at Bergesen DY, Norway's leading bulk shipowner, has declined during the first eight months of this year, to NKr1.1bn ($166m) from NKr1.3bn in the same period last year due mainly "to a lower US dollar exchange rate."

Profit before extraordinary items for the group fell fivefold, to NKr116m in the first eight months, compared with NKr513m in the same period last year.

Bergesen says that last year's profit, however, included a NKr341m profit from the sale of securities while the similar figure at the end of August was just NKr11m. In September, Bergesen earned NKr160m from securities sales.

Shipping profits also fell, to NKr909m from NKr1bn in the first eight months. Taking depreciation into account, operating profit from shipping reached only NKr130m.

Bergesen says the decline in shipping profits was due to large fluctuations in the freight markets, "particularly for oil tankers."

The group forecasts that its annual profit for 1987 will be lower than in 1986, when it reached NKr639m before extraordinary items. Developments in the short term, it says, will be uncertain because of the political situation in the Gulf.

In July, Bergesen established an American Depository Receipt (ADR), for which Morgan Guaranty Trust, the US bank, acted as the depository. The ADR facility covers both the group's A and B shares.

Bergesen plans a listing on the London Stock Exchange by next summer.

Boliden near deal with Allis Chalmers

By Sara Webb in Stockholm

BOLIDEN, the Swedish mining, metals and chemicals group, said yesterday that it is close to completing an agreement to buy part of Allis Chalmers, the US manufacturing group, for about SKr600m ($94m).

Boliden said legal obstacles had been cleared and that the acquistion would go through in mid-November.

Allis Chalmers is selling 10 units which manufacture and sell equipment for mineral dressing and treatment. These include Svedala-Arbra and its subsidiary Sala International in Sweden, and units in Australia, Brazil, Canada, the US, France and the UK.

The 10 units had sales of SKr1.88bn and profits of about SKr150m last year, and employ 4,300.

Boliden aims to develop new products for the mining industry and build up its mining division at home and abroad through the acquisitions.

The deal should also provide new openings for Boliden's mining and smelting consultancy business as well as for Trelleborg, the Swedish rubber products group, which makes rubber components for mining equipment.

Trelleborg has a controlling stake in Boliden and is now bidding about SKr3.5bn for the outstanding shares in the company.

● The Finnish metal and forest industry company Rauma-Repola says the group net loss between January and August was FM158m ($36m), after a net loss of FM320m in the same period last year. The result before appropriations and taxes was a loss of FM213m, after a loss of FM160m.

Forbo forecasts increase in group turnover

By John Wicks in Zurich

FORBO, the Zurich-based floor and wall coverings concern, expects a rise in group turnover from SFr888m last year to a 1987 record of more than SFr1.1bn ($733m).

According to a letter to shareholders, consolidated cashflow and net earnings are expected to "keep pace" with this growth.

Last year, cashflow grew by 17.6 per cent, to SFr66.2m, and group profits after tax by 25.4 per cent, to SFr28.1m.

In the first nine months of 1987, group sales climbed by 28 per cent, to SFr853m, largely as the result of the acquisition of Resopal and Helmitin, the West German companies.

In July, Forbo also bought the wall coverings business of LE Carpenter, the US company, which will add annual sales of about $36m to group turnover.

Last month the Forbo board successfully offered a further tranche of 25,000 registered shares. These were placed by a banking consortium at a price of SFr1,750 each and with dividend rights backdated to January 1.

Two businessmen take 5% stake in Banesto

BY TOM BURNS IN MADRID

IN A KEY development in Spanish banking, Mr Mario Conde and Mr Juan Abello, who earlier this year sold Antibioticos to Italy's Montedison group in the biggest foreign takeover of a Spanish company, have bought close to 5 per cent of the equity of Banco Espanol de Credito (Banesto) and will be appointed members of the board at the end of the month.

Mr Conde, a 39-year-old self-made millionaire who has come to represent a new entrepreneurial spirit in Spain, is also to become deputy chairman of Banesto, when Mr Jose Maria Lopez de Letona, the present deputy chairman and managing director, replaces Mr Pablo Garnica as chairman in December.

Announcing both the acquisition of Banesto shares by Mr Conde and Mr Abello and their appointment to the board when it meets on October 28, Mr Lopez de Letona said yesterday that their presence in the bank was "necessary and convenient" and that his negotiations with them had been "extremely cordial."

Mr Conde and Mr Abello built up Antibioticos over the past 10 years. They are both substantial shareholders of Montedison and Mr Conde is a member of the Italian companyy's board.

Mr Lopez de Letona did not disclose details of the share buying, but the two partners are understood to have paid some Pta15bn ($125m) for about 3m Banesto shares following the sale of their Antibioticos bulk pharmaceutical concern to Montedison in March, for Pta58.2bn.

With an equity estimated to be between 4 and 5 per cent of Banesto, Mr Conde and Mr Abello have become, in a matter of months through acquisitions on the Madrid bourse, the largest individual shareholders of Spain's second largest bank.

Their presence in Banesto as shareholders and board members radically alters the image of an institution which has long been associated with Spain's family financial oligarchies and whose board members have traditionally been drawn from the ranks of former Franco ministers.

Mr Lopez de Letona, who is 65 and was appointed Banesto's managing exective and deputy chairman in January 1986, said he expected to remain the bank's chief executive when he assumes the chairmanship

But he indicated that Mr Conde could be his heir apparent when he relinquishes the post within the next two years.

"I want to be succeeded (as chief executive) by the best, and Mr Conde has sufficient qualifications to be the best," said Mr Lopez de Letona, whose posts before joining Banesto included a spell as Minister of Industry in the Franco years and the governorship of the Bank of Spain soon after Franco died.

Mr Lopez de Letona said he anticipated that Banesto would earn pre-tax profits of more than Pta30bn this year and would pay a dividend of Pta75 a share.

In his first year as Banesto's chief executive, Mr Lopez de Letona wrote off all the bank's profits in order principally to solve problems caused by its ailing Barcelona affiliate, Banco Garriga Nogues.

Bouygues in first-half reverse

BY PAUL BETTS IN PARIS

BOUYGUES, the world's largest construction group, yesterday reported lower first-half consolidated net group earnings, excluding minority interests, of FFr79m ($13m), compared with FFr145m in the first six months of last year.

But the French group said yesterday that first-half performance could not be compared with the year-before period because of special factors.

In the first six months of last year, Bouygues' acquisition of Screg, the French road construction and civil engineering company, was not consolidated in the group's results.

In the first half of this year, the consolidation of Screg represented a loss of FFr58m. However, Bouygues said yesterday this reflected seasonal factors in road construction.

It added that for the entire year, Screg should contribute more than FFr100m to consolidated results.

Bouygues expects to report group earnings for the year similar to last year's income of FFr481m. Group sales are expected to total about FFr50bn this year.

Bouygues also announced this week a joint venture with IBM France to associate the two companies in the construction of so-called "intelligent buildings," ready-equipped with integrated telecommunications and computer networks.

French and German paper makers link

BY DAVID MARSH IN BONN

A FRANCO-GERMAN link-up in the paper business was signalled yesterday when Feldmuehle, the diversified West German paper maker, and Beghin-Say, the French sugar refiner and paper group, signed a co-operation agreement.

The two companies concluded a letter of understanding to take a 50 per cent stake each in Beghin-Say's newly established paperworks in Corbehem, northern France.

The Corbehem works produces more than 300,000 tonnes of newsprint and 40,000 tonnes of box cardboard a year.

Feldmuehle, which is one of the key companies in the Feldmuehle Nobel group, formerly part of the Flick industrial conglomerate, said in a statement that the agreement depended on accord from the West German cartel authorities.

The agreement will become binding only when Feldmuehle has carried out, in the next two months, further inspection of the Corbehem plant.

Yesterday's agreement is aimed at strengthening Feldmuehle's position in the European newsprint and cardboard sector.

Beghin-Say seems to be winding down its position on the market.

Chief executive of Asea Brown Boveri named

By Our Zurich Correspondent

MR PERCY BARNEVIK is to become president and chief executive officer of Asea Brown Boveri, with effect from January 4.

The new company, to be formed on that date with provisional headquarters in Zurich, will be owned jointly by the Swedish and Swiss engineering groups Asea and BBC Brown Boveri.

Mr Barnevik, 46, has been president and chief executive officer of Asea since 1980.

Dr Thomas Gasser, 54, will become deputy chief executive officer of the new company. He was appointed chief executive officer of BBC Brown Boveri earlier this year.

Return to black for Air France

By Our Paris Staff

AIR FRANCE, the French national airline, yesterday reported first-half consolidated net group earnings, excluding minority interests, of FFr526.6m ($87m), compared with a FFr150.1m loss in the same period last year.

INTL. COMPANIES & FINANCE

Seoul is not yet ready for foreign investors, writes **Maggie Ford**

Lid kept on Samsung convertible

TO CONVERT or not to convert? South Korean economic officials have been debating for months as the date for the conversion of the country's first bond on the Euromarket came closer and closer.

The bond, issued by Samsung Electronics, should be convertible into shares in the company on the Seoul stock exchange on Monday. This is the day that foreign investors, enchanted by the profits to be tapped by investing in South Korean equities, have been awaiting. Unfortunately they may have to wait a bit longer.

The way devised to get around the deadline without actually opening the market to foreigners is simple. First, foreign investors will be allowed to convert their bonds into Samsung shares. They will be able to sell the shares and repatriate the profits. But they will not be able to buy any other shares in the market.

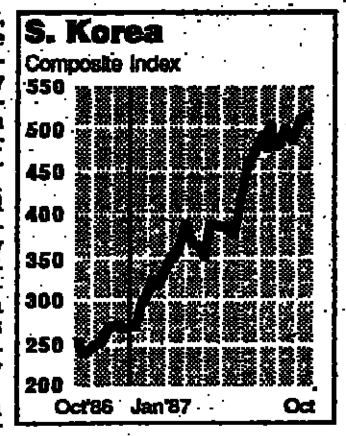
That prospect alone is unattractive. The Samsung bond is currently trading at a premium of 190 per cent, such is the shortage of Korean paper available abroad. Analysts believe that most investors will prefer to trade the bond itself and indeed to hold on to it for longer term investment.

But there is an additional catch. Scrutiny of the prospectus shows that S. G. Warburg, the underwriter, must be able to say that the Seoul Government has at least partially opened the stock market to foreign investment before they can recommend conversion. Under present circumstances a recommendation seems most unlikely.

Officials have cogitated all year to devise a method of having it both ways, so as to delay market opening, while not offending the international financial community. For although the market has boomed this year, officials believe it remains immature, with too few investors.

The booming economy, which is causing severe problems for those trying to manage the inflow of foreign funds from trade surpluses has become an even stronger argument against allowing any additional inflows for the moment.

"We hope that foreign investors will understand the position," said Mr Lee Sun Hak, finance director of the Samsung group. The money supply problem was already severe, he said, curtailing Samsung's own hopes of raising more money internationally. The Finance Ministry now appears to feel that the end of next year, after the September Olympic games, will provide a more realistic target for an opening to foreigners. Additional smaller opportunities for foreign investors may arise over the next year.



Following the startling success of the GoldStar Eurobond, issued in August and now trading at a premium of 250 per cent, perhaps two more bonds may be allowed this year. Both Hyundai Engineering and Construction, flagship of the Hyundai group, and Kia Motor, in which Ford has a stake, are continuing to lobby for the opportunity to launch bonds.

In addition, an extra tranche of perhaps $30m may be allowed early next year for the Korea Eurofund, which opened in London early this year.

The stock market is expected to continue its rise for the rest of the year, buoyed by the presidential election expected in December and the possible lifting of restrictions on investment imposed earlier this year to cool it down.

After the composite index advanced through the 500 mark early this month, blue chip shares have maintained growth, especially following a scare last month over rumours of government involvement in the market. Opposition leaders said that a Government-associated think tank had been speculating in the stock market, causing a rush to sell and a loss of 15 points in a day.

Although the Seoul market is highly speculative, especially in construction and financial shares, the steady improvement of prices in blue chip shares since then suggests that investors may be taking a longer term view, reflecting the underlying growth in the economy.

While further booms and busts can probably be expected, especially in advance of the election, analysts believe that this years' rise in the index is likely to prove up to foreign investors' expectations. Time, and the policies of whichever party wins power, will tell whether their wait has been worth it.

Cable and Wireless near Hong Kong deal

BY DAVID DODWELL IN HONG KONG

CABLE AND WIRELESS, the UK communications group, signalled yesterday that it was close to an agreement with the Hong Kong Government that will open the way to a major reorganisation of its interests in the British territory.

An announcement is expected today detailing the creation of a new holding company, which will comprise Cable and Wireless (Hong Kong) and Hongkong Telephone. The new company will have a market capitalisation of more than HK$72bn (US$9.2bn), making it by far the biggest in Hong Kong.

Cable and Wireless (HK) has a monopoly franchise to handle all international telecommunicatiions traffic passing through Hong Kong, while Hongkong Telephone has the franchise to handle local voice telephonics. The two operate separately, but are controlled by Cable and Wireless in the UK, and together contribute about three quarters of the parent company's annual profits.

The reorganisation is likely to involve the phased disposal by the Hong Kong Government of its holdings in the new holding company. The colonial administration acquired this stake in 1981 for just under HK$800m when Cable and Wireless was privatised by the UK Government. Hong Kong officials have noted several times in the recent past that it was not appropriate to hold such a substantial equity investment as part of its reserves.

Cable and wireless is also expected to announce plans to reduce its stake, so that about 25 per cent of shares in the new holding company will be in public hands. The UK group owns an 80 per cent stake in Cable and Wireless (HK), with the Hong Kong Government holding the remaining 20 per cent. Reorganisation would have been impossible without agreement from the local administration to exchange this holding for shares in the new holding company.

Cable and Wireless also owns about 80 per cent of Hongkong Telephone, with the remainder in public hands. Trading in the shares of Hongkong Telephone was suspended yesterday at HK$19.30 a share, pending an announcement on the terms under which minority shareholders will have their shareholdings exchanged for shares in the new holding company.

Cable and Wireless revealed on September 21 that it was discussing a reorganisatiion plan with the Hong Kong Government. The reasons for the reorganisation have yet to be explained in full, but reflect close links in Hong Kong between the two operating companies.

The first phase of reorganisation will involve Cable and Wireless retaining a stake of about 80 per cent in the new holding company, with the Government receiving just over 10 per cent in exchange for its holding in Cable and Wireless (HK). Minority shareholders in Hongkong Telephone will receive shares amounting to just under 10 per cent of the enlarged group.

Sime Darby drops bid for Guthrie Ropel

BY WONG SULONG IN KUALA LUMPUR

SIME DARBY, the Malaysian conglomerate, is dropping its bid for Guthrie Ropel, the listed plantation company, three weeks after it announced the takeover offer.

In a one paragraph statement to the stock exchange, Sime said it was "unable to reach agreement on the conditions and terms for its general offer." Its offer had valued Ropel, which has 67,000 acres of estates, at about 250m ringgit (US$100m) to be satisfied through an exchange of shares.

The dropping of the bid represents an embarrassing setback for Sime. The market was not surprised as the deal makes little commercial sense to the Guthrie group, which is itself a leading plantation organisation.

Sime had said the takeover would have created one of the biggest plantation groups in the world, and there would be "considerable benefits" in terms of advanced technical expertise, and access to integrated processing and marketing

Foreign investors face a ticklish pricing decision

BY ALEXANDER NICOLL

ALTHOUGH BRITISH Petroleum's £7.2bn share offering is not the world's largest, it is the biggest sale of shares yet in the growing international equity market.

The portion sold outside the UK is likely to be worth a minimum of £2bn, topping the $2bn Fiat offering last year, and will test the market's distribution capabilities.

The issue is marked out from others not only by size. It has an unusual structure, and could therefore prove a difficult story to tell to foreign investors. Substantial efforts have already been made. Before yesterday's formal launch of the deal, the company had been conducting roadshows all over the world for two weeks in an effort to build demand.

Although the sale is being billed and handled essentially as an initial offering of shares as in previous UK privatisations, it is not: nearly 70 per cent of BP is already in the private sector. As such, it is a rare large secondary offering for a UK company, since UK shareholding institutions would object to the dilution which would normally be caused by such a large issue.

Another unusual feature is that the new shares are being offered through a still experimental structure under which institutional buyers are likely to pay a higher price than the 330p which was fixed yesterday as the level at which the shares will be sold to the UK general public - a 5.7 per cent discount to the 350p market price at the time.

This dual pricing is a compromise between the desire to get the broadest possible interest from the UK small investor - setting a discount to the market price - and reluctance to sell state assets cheaply to the foreign investor seeking a quick turn.

In the tender offering, institutions in the UK and foreign investors will put in bids at whatever level they wish, and the unified price they pay will be determined on the basis of demand and bid levels. The hope among the issue managers is that the tender price will actually be above the price of existing shares.

This is because of the incentive which has been built into the offering in order to make it attractive to buy shares which are already available to investors. N.M.Rothschild, the lead

BP SHARE SALE

bank, has structured the deal as partly-paid. Though investors will put up 210p of the issue price in 105p instalments in August 1988 and April 1989, they will from the start get the benefit of the full dividend - equivalent to a 12 per cent yield.

BP is a classic example of a multinational company seeking to broaden its shareholder base: although 80 per cent of its business is outside the UK, only 7 per cent of its equity is.

As currently structured, Goldman Sachs is leading the underwriting of 480m shares in the US, Daiwa Securities 160m in Japan, Wood Gundy 105m in Canada, and Swiss Bank Corporation International 105m in Continental Europe - the latter through the "targeted structure" with separate lead managers responsible for each country.

However, it seems likely that clawback provisions will operate. This means that the institutional offering, - which also include 250m shares in the UK - will be scaled back by a maximum of 25 per cent. Assuming the same proportions of UK and non-UK shares, maximum clawback would put the foreign sale at some 635m shares.

Scaling down of allotments to different regions might not be in exact proportion - it would depend on the levels of demand identified in different parts of the world.

Banks leading the issue report that a good level of institutional interest appears to have been generated abroad. The issue, they argue, will give fund managers the chance to increase or build up a weighting in a strong, well-managed multinational.

Some analysts believe, however, that there is only limited interest in BP among foreign institutions, which may take the view that despite the recent fall in the share price BP remains overvalued by comparison with other oil companies such as Shell and Exxon.

Mr Ian Watts of BZW Equities calculates that the tender price for institutions would need to be 370p to support the current share price of around 350p. This is based on his calculation that the partly-paid aspect plus the nil transaction costs associated with buying the new shares are worth a premium of just over 20p.

According to his assessment of foreign investor interest, however, Mr Watts says: "I'd be surprised if the tender price was anything like as high as 370p."

Between now and October 28, when applications close, foreign investors will have to make delicate judgments of the price levels they should bid. These could be considerably complicated if there are further sharp movements in stock markets and BP's share price.

Turkish capital market reorganised

THE TURKISH Central Bank will establish a new general directorate to organise and monitor domestic money markets, in line with the country's economic liberalisation policy, Reuter reports from Ankara.

The Money Markets and Fund Administration, bringing under one umbrella the monitoring of assets ranging from Turkish lira to foreign currencies, bonds and securities, is likely to start operations later this month, according to central bank offi-[illegible]cials.

The group will have six divisions, dealing with foreign exchange markets, foreign exchange operations, securities trading, open market operations, fund management and interbank Turkish lira mar-[illegible]kets.

Heron withdraws sterling bond

By Clare Pearson

HERON INTERNATIONAL, the parent of Heron Corporation, the UK's second largest private company, has decided to withdraw its recently issued £50m Eurosterling bond from the market following the arrest this week of its chairman, Mr Gerald Ronson.

Heron said in a press statement yesterday: "Notwithstanding Chase Investment Bank's (the lead-manager) willingness to proceed with the issue, the board felt it inappropriate to do so at this time."

Mr Ronson was remanded on £500,000 bail on Wednesday, having been charged with eight offences connected with his involvement in the takeover battle 18 months ago of Distillers by Guinness, its fellow UK drinks manufacturer.

The 11 per cent 5½-year bond issue, launched by Heron International Finance, had been due to close on October 19, a month after its original announcement.

It is extremely rare for a borrower to decide to withdraw a bond from the market after it has been launched and Heron's decision is especially striking as the proceeds had been swapped into floating rate dollars.

Dealers said yesterday that the issue did not appear to have come under any selling pressure this week. But an executive at Chase, which was the only market maker in the bond, said the issue had been traded on an indicated price basis only since Mr Ronson's arrest on Tuesday.

The bond had been mainly sold to banks on an asset swap basis (swapped into floating rate funds), and also to retail investors in Switzerland who are familiar with Heron since the company has launched several Swiss franc bonds in the past.

Dutch money controls tightened

By Laura Raun in Amsterdam

THE NETHERLANDS' central bank plans to strengthen its control over the money and capital markets, probably through a cash reserve rule and government bond portfolio, in an important policy move that signals its concern over incipient inflation.

The Dutch central bank is also seeking more control over money supply growth the country's capital markets deregulation two years ago has blunted some existing policy instruments.

A further reason for tighter control is to ensure sufficient support for the guilder against the D-Mark.

The central bank and commercial banks are currently negotiating a gentlemen's agreement on new policy instruments, to take effect by the end of this year.

The cash reserve rule would require commercial banks to hold a certain amount of funds at the central bank against a market-related interest rate to absorb expected excesses in the money markets. A cash reserve requirement has officially been in force since 1954 but with no interest paid and has fallen into disuse because of money market shortages.

The government bond portfolio would be held by the central bank as a pool from which to buy and sell bonds as a way of adding and subtracting liquidity. This would be an open market instrument, similar to the US Federal Reserve's purchases and sales of treasury notes.

Germany lists countries with dual tax status

THE WEST German Government's 10 per cent withholding tax on investment earnings, to be introduced in 1989, will not affect foreign investors from those countries enjoying a dual taxation agreement with the Federal Republic, Reuter reports from Bonn.

The Finance Ministry said the following countries have a double taxation accord with West Germany with respect to income and property tax, as of January 1, 1987:

Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Cyprus, Czechoslovakia, Denmark, Ecuador, Egypt, Finland, France, Greece, Hungary, Iceland, India, Indonesia, Iran, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Kenya, Liberia, Luxembourg, Malaysia, Malta, Morocco, Mauritius, New Zealand, Netherlands, Norway, Pakistan, Philippines, Poland, Portugal, Romania, Singapore, South Africa, South Korea, Soviet Union, Spain, Sri Lanka, Sweden, Switzerland, Thailand, Trinidad and Tobago, Tunisia, United Kingdom, United States, Zambia.

The following countries are in negotiations with Bonn to set up a double taxation convention with respect to income and property tax, or are modifying existing agreements:

Fears grow of higher US interest rates

Dollar falls send prices tumbling

BY OUR EUROMARKETS STAFF

YESTERDAY'S SHARP falls in the dollar and the US Treasury bond market sent Eurobond prices across most sectors tumbling and left prices of Wednesday's crop of new issues deep under water.

In early trading, Eurodollar prices gave up over a point as fears grew that US interest rates would have to be raised further to defend the dollar, while bond markets in other currencies took fright at the pressure this would exert on their own domestic interest rates.

The markets later bounced after the US Federal Reserve said it had added reserves through overnight system repurchases, taken as a sign it was not tightening monetary policy. But dealers remained unconvinced the rally would last.

During the afternoon, the two-year bonds for Toronto Dominion Bank and Merrill Lynch launched on Wednesday bid at less 1¾ and less 2 respectively, against 1⅛ per cent fees - levels described by one dealer as "horrible" for such short-dated instruments.

Meanwhile, even a C$100m five-year bond for Nippon Telegraph and Telephone, regarded as by far the best of Wednesday's crop, was bid as low as less 2⅝, while a £50m 5½-year bond for Finnish Export Credit traded at around less 2⅝. Both had 1⅞ per cent fees.

The bonds had been launched on Wednesday afternoon in the wake of the release of disappointing US trade figures, showing a $15.68bn deficit in August, after which the lead managers had hoped the markets would recover.

The Eurosterling bond market suffered sharp price falls as dealers became increasingly concerned that the sterling market's long period of resilience to the weakness of US securities markets was drawing to a close.

Falls in Eurosterling bond prices in some cases outpaced those in the gilt market. Seasoned five-year Eurosterling bonds lost about 1 point, compared with losses of about ⅝ point on government bonds of similar maturities.

The Euro-French franc market came under pressure from the rise in the D-Mark against the French franc, which caused the most actively traded futures contract on the French government bond market to give up 3½ points on the day. On the Matif, the Paris, financial futures market, government bond futures went limit down. Prices of seven-year seasoned Euro-French franc bonds shed about one point during the day.

New Japan Securities led a $30m five-year par-priced equity warrants bond for Matsuyadenki, a Japanese electrical

INTERNATIONAL BONDS

wholesaler, with an indicated 3⅝ per cent coupon.

In the D-Mark market, domestic bonds gave up around 1.80 points, bringing the average yield on public bonds to 6.73 per cent, up 17 basis points on the day and the highest level since October 1985. At the fixing, the recent 6¾ per cent Federal bond was set at 96.85, 1.35 percentage points lower than on Wednesday. The fall in prices was attributed to New York's weakness rather than to the continuing controversy about the Government's plans for withholding tax.

The market was not helped by a remark from Mr Karl-Otto Poehl, the Bundesbank president, who said the Bundesbank could not escape the rise in world interest rates.

Meanwhile, prices of D-Mark 10-year Eurobonds fell by one point, having recouped some of their losses in late trading.

Deutsche Bank announced a DM200m 7 per cent seven-year bond for African Development Bank, priced at par. Dealers quoted the bond at prices around its total fees.

Union Bank of Switzerland led a SFr50m seven-year equity warrants bond for Premier Consolidated Oilfields Finance, the finance subsidiary of the UK oil exploration company. The seven-year 4¾ per cent par-priced bond carries warrants to buy shares at 83p, an 8.5 per cent premium over the close.

In Switzerland, the longer end of the foreign bond market was again badly hit, with price drops of about half a point on average, as investors continued to unload longer-dated paper. Fuji Bank's SFr200m convertible public issue opened its first day's trading at 93½, well below the par issue price, but recovered two points by the close.

Japan Tobacco's SFr150m 5 per cent issue, which began trading on Tuesday, rose ¼ point to close at 98, but was still below its 100¼ issue price.

Salomon Asia escapes the axe

BY STEFAN WAGSTYL IN TOKYO

SALOMON BROTHERS, the US investment broker, excluded no part of its worldwide operations from the searching review which this week resulted in the announcement of 800 redundancies among its 6,500-strong workforce.

But while the axe will fall in New York and in London, Salomon Brothers Asia, based in Tokyo, will escape unscathed.

Mr Deryck Maughan, one of Salomon's two managing directors in Tokyo, said yesterday that the Tokyo subsidiary had been the most profitable foreign securities company last year and would report increased profits in the 1986-87 year which finished at the end of September.

According to figures presented to the Japanese Ministry of Finance, Salomon Brothers made pre-tax profits of Y5bn ($35.2m) last year, compared with Y1.8bn made by the second most profitable company, Jardine Fleming.

Some executives at rival securities houses say that Salomon's profits are due almost entirely to its successful operation in trading Japanese government bonds.

Mr Maughan, a former highflier at the UK Treasury, conceded that bond trading made a substiantial contribution to profits.

But he stressed yesterday that Salomon Brothers Asia was building a broadly-based operation, with only 10 per cent of its staff in government bond trading. The company also traded equities and other instruments and had a corporate finance department, he said.

Salomon has been expanding in Tokyo at the same break-neck speed as several other large US and European securities companies. In January 1986 it had 80 employees; now it has 300.

Salomon has had its share of difficulties in coming to terms with the pace of the liberalisation of the Tokyo markets, which foreign companies find frustratingly slow. A year ago, it failed to make the list of six foreign companies which were granted seats on the Tokyo Stock Exchange. It hopes to be among the 20 or so companies which will be admitted next year.

It is the largest foreign company in the government bond market. But its share of primary offerings by the Ministry of Finance in the 10-year-instruments which are the most important chunk of the market is a fraction of 1 per cent.

Mr Maughan said that with capital of $400m Salomon Brothers Asia, covering other Asian and Pacific markets as well as Japan, was now self-financing.

He wants the company to retain the stamp of Salomon Brothers. The company would continue to employ Japanese and non-Japanese staff and to train Japanese graduates at the head office in New York.

He argued that there was no point trying to compete with Nomura Securities, the largest Japanese company, by becoming a small Japanese company. Mr Maughan said that by retaining its American element Salomon Brothers kept its competitive advantage.

Buyers line up for Rover's Ashok stake

By John Elliott in New Delhi

THREE Indian business families have emerged as the front-runners to buy Ashok Leyland, India's second largest bus and truck maker and an allied company called Ennore Foundries, from the Rover Group of the UK for about £25m ($40m).

They include the Hinduja family in partnership with Fiat Iveco of Italy, and Mr Manu Chhabria, both of whom are classified as non-resident Indians. The Hindujas are a large trading family based in the UK, who are looking for a prestige investment to launch themselves into Indian manufacturing.

Mr Chhabria, based in Dubai, has taken over several Indian companies recently.

The third is Mr Rahul Bajaj, who runs Bajaj Auto of Pune near Bombay, the world's second largest scooter manufacturer. His offer is being financed by investors organised by Merrill Lynch, which is underwriting his bid.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on October 15

US DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	week	Yield
[illegible]						

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	week	Yield
[illegible]						

OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	week	Yield
[illegible]						

FLOATING RATE NOTES

	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	week	Yield
[illegible]						

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	week	Yield
[illegible]						

CONVERTIBLE BONDS

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02	9/87	62	111	112	−4	21.54
Alco Health 6¼ 01	7/86	26.25	86¼	87¼	−0½	34.90
American Brands 7¾ 02	9/87	56.7	110¼	111¼	−1	14.94
American Can Co. 5½ 02	4/87	66.75	88¼	89¼	−1¼	27.73
Ashikaga Bank 2⅞ 02	4/87	996.	113⅞	114⅞	−0¼	2.72
Asics 5 92 DM	12/83	472.	157¼	158¼	0	4.51
CBS. Inc. 5 02	4/87	280.	110⅛	111⅛	−2⅞	4.86
Chiba Bank 2⅞ 02	1/87	830.	184⅞	186⅞	−1¼	7.10
Fuji Hvy Inds 3 00	8/85	676.	163⅞	164⅞	−5⅞	−2.63
Fujitsu 3 99	5/84	1109.	204⅞	206½	−14½	−7.77
Gunma Bank 2⅞ 02	4/87	808.	131⅞	132⅞	−3	−6.11
MCA INC 5½ 02 US	9/87	69.62	92⅞	93⅞	−1⅞	−35.31
Minolta Camera 2¼ 94 DM	2/86	1106.	96¼	97¼	−0⅞	46.86
Mitsui trust 2⅞ 01	10/86	1990.	137	139	−0⅞	3.47
Next PLC 5¼ 03 £	11/87	4.3	104⅞	105⅞	+0¼	28.00
Nippon Elec 2⅞ 00	1/85	1295.	325⅞	326⅞	−9⅞	−5.39
Oki Elec Ind 3½ 99	10/84	805.	182⅞	184⅞	−4	−1.51
Omron Tateisi 2⅞ 02	4/87	1350.	157	158¼	−5½	−2.69
Redland 7¼ 02 £	1/87	5.5	108¼	109¼	−0½	13.50
Yokohama Bank of 2⅞ 02	10/86	1045.	166⅞	168⅞	−3⅞	0.05
W.R. Grace 6¼ 02 US	9/87	84.25	96½	97⅞	−1⅞	27.36

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Bowater in £136m US purchase

BY KEVIN BROWN

Bowater Industries, the packaging, merchanting and timber products group, yesterday announced a $226m (£136m) agreed bid for Rexham Corporation of the US, a specialised producer of cartons, film, labels and flexible packaging.

The bid, which is subject to shareholder and regulatory approval, works out at $60.25 per share - a premium of $7.25 over an earlier offer from Mr Asher B. Edelman, the US corporate raider, who holds 8.4 per cent of Rexham.

Bowater has agreed to purchase a further 688,955 shares at the offer price in the event of an increased bid from Mr Edelman. The additional shares would represent 15.5 per cent of the increased equity.

Mr Norman Ireland, Bowater chairman, said the bid had been pitched at the level necessary to secure the agreement of Rexham's management, which will continue to run the company.

"This is a substantial increase in our packaging interests in the US, which we have said we wanted to do for some time. We also see it as a vehicle to take Bowater forward in the US. Its management is good, and it can help us," he said.

Mr Ireland said Rexham would add sales of around $240m to Bowater's existing US ventures, which would have joint turnover of around $150m this year. Rexham's pre-tax profits dipped to $9m in the first nine months of this year, compared to $18.6m for the whole of last year, but are expected to recover to around $20m next year.

Bowater said it regarded Rexham's products as a good fit with its existing US operations, and was impressed by the company's development of niche markets in high quality packaging.

The future of Rexham's aerospace and defence division, *which makes precision components* and custom-built electronic assemblies, will be considered after final agreement on the takeover has been reached.

Bowater surprised the markets last month with a one-for-five rights issue to raise £89.3m in preparation for an acquisition, which Mr Ireland said might be in the US.

At the same time, the group announced agreement to pay £16m for 49 per cent of Mitek Industries, of St Louis, Missouri - its first venture into the US building materials market.

Bowater was the world's largest manufacturer of newsprint until its North American pulp and paper operations were demerged *four years ago. The UK* paper division was later sold to a management buy-out consortium.

See Lex

Farnell advances to £11m at midway

BY ALICE RAWSTHORN

Farnell Electronics, a manufacturer and distributor of electrical and electronic equipment, yesterday unveiled an 11 per cent increase in pre-tax profits to £11.2m for the first half of its financial year, on turnover which rose by 27 per cent to £57.8m.

The group's performance reflects healthy growth for its electronic components interests in the UK, but a difficult period for Astronic, the West German distribution company acquired last year.

Operating profits rose to £9.7m (£8.3m) in the six months to July 31, but other income fell to £1.4m (£1.8m). This fall, which should continue in the second half, is due to the investment involved in a start-up distribution venture in West Germany and increased working capital for Farnell's established interests.

The group paid £3.9m (£3.7m) in taxation and gleaned £136,000 (£45,000) from its minority interests. Earnings per share rose to 5.6p (5.0p) and the board proposes an interim dividend of 1.5p (1.3p).

The electronic components division benefited from an increase in market demand in the UK and from good growth for its new Irish subsidiary. The UK business has opened a new warehouse in Leeds, which *should improve stock* control and customer service.

Astronic in West Germany suffered from difficult market conditions and incurred a small loss in the interim period. Farnell is now investing in the formation of a new catalogue distribution business in West Germany, modelled on its UK operation, which should be *phased in over the next two or* three years.

In the electronic equipment field, Farnell Instruments sported an improved performance in power supply. Yet instrumentation and overseas selling suffered from difficult trading conditions.

The group still holds more than £20m in cash. Mr Raymond Kidd, chairman, said that it was keen to expand by acquisition but was still looking for the "right opportunity".

• comment

In many ways it seems unfair that Farnell, which fared rather better than many of its fellow electronics companies in the troubled years of the mid-1980s, should be lumbered with an unenviable image as one of the more sluggish stocks in the sector. The company is, after all, more than adept at managing its established businesses. Where Farnell has faltered, in the City's eyes at least, is in its failure to use its cash to expand into new areas of activity. Thus far neither Astronic,nor the clutch of minority investments have been exciting enough to quash the criticism. The share price fell on this set of disappointing results and the news that investment income may fall below expectations. Moreover profit forecasts were trimmed to around £25.5m. This puts the shares on a prospective p/e of 16 - a little too demanding, given the poor perceptions of the company.

Savage expands further

Savage Group, DIY hardware supplier, is continuing its rapid expansion with the acquisition of Newton Holdings, Birmingham-based supplier of door furniture and associated products for a maximum of £8.5m. It is the fifth purchase this year as part of the group's plan to become a major European hardware supplier.

In the year to the end of March 1987 Newton reported pre-tax profits of £586,000 (£196,000) on turnover of £6.84m (£4.51m). Net assets at the year end were £791,000.

There will be an initial consideration of £5.5m satisfied by the issue to the vendors of 883,000 shares, of which 650,000 are being placed at 635p a share. Further consideration to a maximum of £3m, satisfied by shares, is being paid on a profit-related basis.

Savage said that the acquisition introduced a complementary range and extended the group's customer base.

The company joined the Unlisted Securities Market in May last year as Britain's leading supplier of wall-mounted shelving systems. That made up only a third of output before the Newton purchase.

COOKSON GROUP has acquired 91 per cent of Zircolor, a Spanish company engaged in the manufacture of compounds, frits and colours for the ceramics industry. The consideration is notsignificant relative to the net assets of Cookson.

Abbey I£11.6m placing

BY DINA MEDLAND

Abbey, the Irish-registered house builder and plant-hire group, is raising I£11.62m through the placing of 3.52m new shares at 330p, the company announced yesterday. The shares are being placed by the company's stockbrokers in Dublin, J & E Davy.

The placing amounts to almost 10 per cent of the total number of shares in issue, which number over 35m. Mr Charles Gallagher, chairman, says the intention behind the placing is to provide funds for the company to acquire fresh assets.

Abbey is "looking in the direction of acquisitions, particularly in the UK." The company is also expanding its land buying activities, Mr Gallagher said. Borrowings to finance land purchases were up sharply at I£21.3m in the year to April 30, raising gearing from 60 per cent to 84 per cent. This was expected to slip back in the current year.

Pre-tax profits rose 36.7 per cent to I£9.96m on turnover only slightly up at £87.56m in the year to April 30.

LONDON ATLANTIC Investment Trust: Net asset value at the end of September 1987 was 454.1p against 253p a year earlier. Net revenue was £446,000 (£404,000) for earnings per share of 3.91p (3.54p).Interim dividend unchanged at 2.1p.

Albert Fisher surges to £18.5m

By Clay Harris

Albert Fisher Group, food processing and distribution company, yesterday reported pre-tax profits more than doubled at £18.5m for the year to August 31. It doubled its dividend payment and forecast another 50 per cent rise in the current year.

The profits increase from £8.4m was achieved on turnover ahead by 114 per cent to £247.6m (£116m). The results were in line with estimates and Fisher shares added 4p to 231p.

A string of acquisitions in Florida and on the west coast helped to maintain US food services as the largest single activity, with profits rising to £8.1m (£5m) on turnover of £122.8m (£53.3m). The increase in volume and margins was achieved despite generally lower fresh produce prices.

The UK food operations increased profits to £6.7m (£1.8m) on turnover of £95.5m (£42.8m). Fisher reported a strong contribution from three processing companies which were formerly part of the Distillers group, but said the Curtis Knee frozen vegetable operation continued to suffer from adverse trading conditions.

Distribution, including the road haulier Henry Long, specialised forwarder Plane Trucking and a West Yorkshire-based Mercedes-Benz car and commercial vehicle franchise, lifted profits to £2.1m (£1.6m) on sales of £29.3m (£19.9m).

Fisher's £31.7m rights issue six months ago helped to create interest income of £1.7m (nil). Since its subsequent acquisitions have been relatively small, and paid with a mixture of cash and shares, Fisher still has net cash of £69m.

Mr Tony Millar, chairman, said that further large acquisitions in Britain depended on Fisher's ability to forge a friendly merger with another company. A hostile bid was not ruled out on principle, but was unlikely because Fisher did not want to pay over the odds.

Earnings per share rose by 38 per cent to 7.6p (5.5p adjusted for scrip issues last year).

The final dividend of 1.25p and the total of 2.25p are double the comparable 1985-86 pay-outs. Fisher yesterday forecast total dividends of 2.25p for 1987-88, a 50 per cent rise taking into account yet another one-for-two scrip issue proposed for next month.

•comment

For almost any other food company, a prospective p/e of 22 - assuming pre-tax profits of £33m in the current year - would stick in the throat. However, the five-year record of Tony Millar and Stephen Barker, and their team of managers from Orlando to Rotterdam, makes it easier to swallow. With Fisher preparing to activate Massachusetts-based Ziff as a third base for US growth and to build a new distribution centre in Tampa, the stage is set to extend the tendrils up and down the Atlantic coast and across the Sunbelt. In the UK, food manufacturer and distributor Fitch Lovell (a little more than half Fisher's size) would clearly be a perfect fit, but Fisher is unlikely to pounce unless bidden.

New Cavendish shares suspended

New Cavendish Estates, property investor and developer, requested a suspension of trading in its shares yesterday, pending an announcment. Its share price was at 283p, up 73p on Wednesday's close, at the time of suspension.

The company more than doubled its pre-tax profits to £142,771 (£58,442) on turnover of £491,466 (£369,476) in the six months to end-December 1986. Directors attributed this to a doubling of the capital base in September 1986, and added that the injection of capital should have a greater impact on the second half.

They were confident that progress would continue, and the outlook for the year ending June 30 was promising, they said.

Delyn's profit rise

Delyn Packaging, has pushed up pre-tax profits from £43,000 to £155,000 in the half year to August 2. Turnover in the period rose from £2.69m to £3.57m and the operating profit was £117,000 up at £198,000.

Interest charges amounted to £43,000 (£38,000) and there was no tax (same) leaving earnings of 1.95p (0.54p) per 5p ordinary. The interim dividend is raised from 0.25p to 0.375p.

Mr Paul Norman, chairman, said the reduction in the paper converting activities has produced a better balanced trading result than shown in previous years, which was a trend that was expected to continue.

He warned however, that the high percentage rise in profits at this interim stage should not be expected to be repeated in the full year.

EDENDERRY SHOES: Shareholders subscribed for 8.78m shares (97.6 per cent) in the recent rights issue.

Bejam set for expansion after 20% rise to £24m

Bejam Group, food and freezer retailer, *is looking forward to* another successful year after raising profits 20 per cent from £19.71m to £23.56m for the 53 weeks to July 4 1987.

Turnover rose from £399.45m to £496.78m.

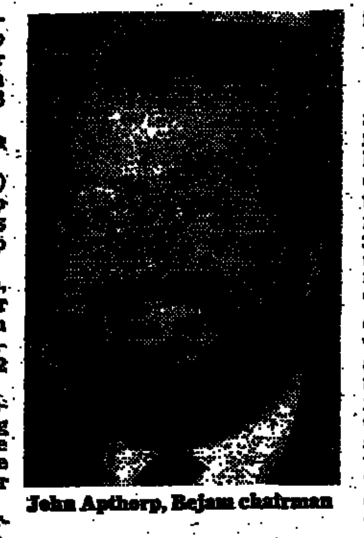
A final dividend of 2.5p (2.25p) is proposed, making 4.75p (4.25p) for the year. Earnings per 10p share rose to 11.72p (9.52p).

Mr John Apthorp, chairman, said that the new financial year would see a full contribution from the record number of additional stores opened in the 12 months to June.

This, combined with the benefit from work done to existing stores and improvements in the product range, gave him the confidence to forecast another successful year.

The group intends to accelerate its store opening programme throughout Britain, while embarking upon major refurbishment of many older stores. Plans are well advanced for the current year, with 15 new stores due to be opened before Christmas.

Victor Value, acquired in 1986 from Tesco, had been reorganised with six new stores opened, and two closed, bringing the total to 49 with several more openings in prospect.



John Apthorp, Bejam chairman

Sales in the mainstream business of freezer centres rose 12 per cent to £409.83m (£359.04m) with food accounting for £371.31m (£330.26m) and freezers and microwave cookers £29.52m (£28.78m). Insurance brought in £6.8m (£6.04m) and Victor Value sales were £89.14m (£34.37m over 20 weeks).

Tax took £8.89m (£7.85m) and there were extraordinary credits of £250,000 (£3.5m, mainly from disposal of Olaf holding).

•comment

Next week Bejam will launch a series of television advertisements with the slogan "We're hot." But the communications coming out of the company yesterday failed to fire City imaginations and the shares fell 4p to 244p. Part of the problem is Victor Value, the grocery chain bought last year from Tesco. The market has always had doubts about the *wisdom of diversifying* out of freezer centres and yesterday's news that Victor did little more than wash its face in its first full year of contributions did nothing to allay suspicions. In the freezer centres Bejam is doing all the right things. Its accelerating stores opening programme, its introduction of more innovative, higher margin, products and its growing use of scratch-free, mist-free glass for freezer tops should *all* help to *build on* the progress of last year when sales volume in existing stores rose 2.5 per cent. With profits of £27m in line for this year the shares are on a p/e of about 18. Expensive on fundamentals alone but, as ever, Bejam is considered a likely takeover target and the shares have little downside.

Britannia Security trebled

BY ALICE RAWSTHORN

Britannia Security Group, fast-growing security and data storage concern, yesterday sailed past the City's expectations by announcing that pre-tax profits had trebled to £5.4m in its last financial year.

Turnover more than doubled to £24.9m (£11.9m) in the year to June 30. Although much of the growth *in* both *sales* and *profits* came from recent acquisitions the businesses existing at the start of the year sported pre-tax profits growth of an estimated 28 per cent.

Taxation rose to £1m (£195,000) and the tax rate should rise further this year. Minority interests contributed £19,000 while the cost of moving from the USM to the main market was expressed as an extraordinary item of £125,000 (£66,000).

Earnings per share increased to 13.6p (9p). The board proposes a final dividend of 1.08p (0.9p) making 1.8p (1.5p) for the year.

The group, which has expanded at a frenetic pace since going public three years ago, embarked upon a whirlwind of acquisitions last year.

As a result Britannia has established a broadly-based UK business embracing almost every aspect of security systems and services. In June it diversified into mainland Europe by acquiring Actron, formerly Checkpoint Europe, a security tagging concern based in Switzerland.

Since the year end the group has ventured into the US with the acquisition of Leahy Business Archives, one of the country's top five records management companies.

The board expects the pace of acquisitions to slow down in the present year. Nevertheless it is eager to expand regionally within data storage in the US to complement Leahy, which is concentrated on the East Coast. It is also considering expansion into Scotland in the alarms field.

•comment

When a business expands as fast and as furiously as Britannia there are three key questions to be answered. First, can it glean organic growth for the businesses it has bought so hastily? Second, is there a strategy behind the whirl of acquisitions? And third, has the shower of paper depressed the share price? Luckily for Britannia, it sails through all three with flying colours. Organic growth of 28 per cent should be sufficient to calm any qualms about the management's ability. Similarly the logic of assembling a "one stop security" business - which already bears the benefits of synergistic growth - is clear to see. Finally, the share price has succeeded in outperforming the market in a year in which the number of shares in issue has been doubled. Having been so pleasantly surprised by these results, analysts have increased their forecasts for this year to £13m.

Ramus makes 56% advance to over £1m

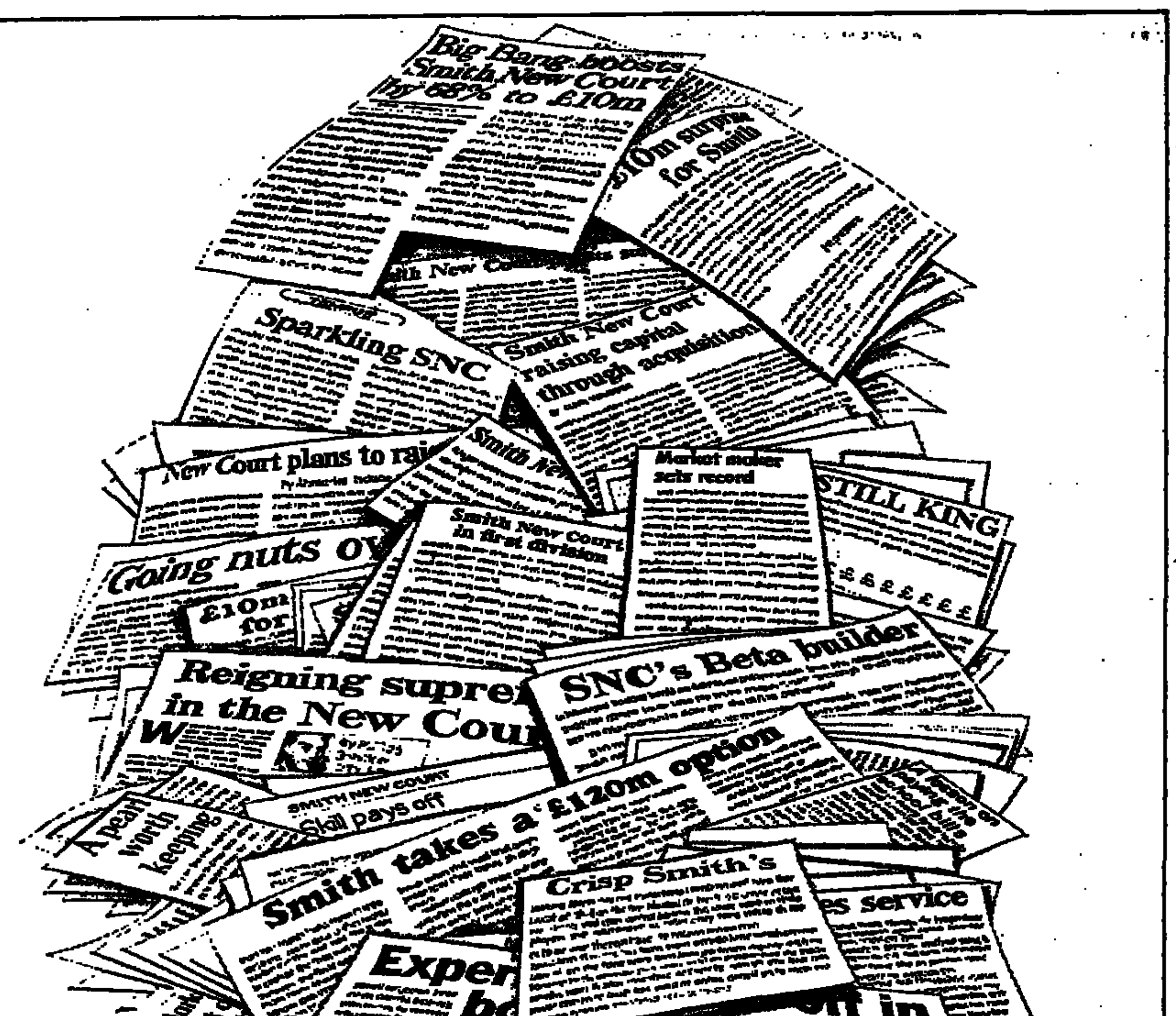
Ramus Holdings, USM-quoted distributor of ceramic tiles, kitchen furniture, sanitaryware and vinyl floorcoverings, reported a 56 per cent increase in pre-tax profits from £720,000 to £1.12m for the 51 weeks to June 30 1987. Turnover rose 16 per cent from £30.75m to £35.65m.

Mr Ernest Ramus, chairman, said that the improvement had been achieved largely as a result of major investment over the years, which was continuing, and a strengthening of the management team.

A final dividend of 4.5p (3.9p) is being recommended, making a total of 6.5p (5.4p). Earnings per share increased from 11p to 18.3p.

The chairman added that Ramus had enhanced its position as the major distributor of tiles and would reinforce this during 1988 with the launch of a new Colourmatch theme, to be backed by consumer advertising, and the introduction to the UK of an Italian porcelain floor tile.

Sanitaryware grew less than expected but sales of branded self-assembly kitchen furniture increased. An own-brand kitchen range will be launched in January.



ABF says Berisford lacks logic

BY CLAY HARRIS

Associated British Foods yesterday levelled a strong attack on the financial structure, management and profit record of S&W Berisford, sugar producer and commodity trader, for which it has launched a cash bid worth £767m.

The offer document published yesterday by the bread, biscuits and tea group broached no new arguments to those rehearsed when the bid was launched a fortnight ago. ABF made clear, however, that Berisford's activities - apart from British Sugar, the UK's leading refiner - faced a detailed review which could lead to disposals.

ABF said: "There can be no claim to to industrial or financial logic in this collection of activities."

Berisford, it argued, was failing to invest sufficiently in - and was even extracting funds from - British Sugar. "Cash flow, disposal proceeds and additional borrowings have been diverted into a complex chain of property trading ventures, share and bond dealing and other activities."

Mr Garry Weston, ABF chairman, added separately about the bid: "It's all about long-term versus short-term investment policy, technology rather than opportunistic trading skills."

ABF intends to contrast its manufacturing expertise with Berisford management's background of short-term speculative trading. Treating board changes at Berisford with scepticism, Mr Weston said it was still "very much a company in Mr (Ephraim) Margulies' image and his creation."

ABF also attacked Berisford's erratic earnings record and said it was "one of the most highly geared companies operating a major food business."

Mr Harry Bailey, finance director, said: "They are very resourceful for borrowing money both on balance sheet and off balance sheet, but you can't go on borrowing forever."

He added,"British Sugar is going to need a lot of capital investment. There is a great deal of efficient sugar industry on the continent in Germany, France and Holland and there's a great deal of surplus capacity which would be ready and able to come into this market if there's not an improved level of efficiency."

Mr Henry Lewis, deputy chairman, defended Berisford yesterday as a "sensibly balanced group" and said ABF's criticisms betrayed a lack of understanding. "One of the skills of Berisford has been in the use of money," he said, contrasting its performance with the £1bn cash pile at ABF.

British Sugar, he said, was investing record amounts in its UK production - £38m in the last financial year and £48m in the current one.

Berisford shares added 4p to 422p yesterday, compared with ABF's 400p cash offer. ABF already owns 23.7 per cent of Berisford, which it bought from the Italian Ferruzzi group, a previous bidder, in May.

Cityvision's £4.4m rights

Cityvision, a USM-quoted company involved in video film hire through retail outlets, more than doubled pre-tax profits from £119,000 to £241,000 on turnover up from £1.21m to £1.88m for the six months to May 31 1987.

At the same time the company announced the acquisition of the remaining 50 per cent of Videoserve, which will be funded by a £4.38m rights issue.

Mr David Quayle, chairman, said that the acquisition represented a significant step in the company's strategy of becoming the major force in the video film hire market.

Cityvision will now be supplying over 1,100 non-specialist retail outlets owned by national chains and would itself own the largest national chain

The directors looked forward with confidence to a successful outcome to the current year and continuing further growth.

The acquisition, for a total consideration of £3m, will be funded by a one-for-six rights issue at 80p per share which will also allow Cityvision to take advantage of further acquisitions.

An extraordinary general meeting will be held on November 9 to approve the acquisition and rights offer.

Cityvision and CBS/Fox Video each own 50 per cent of Videoserve. The purchase consideration for the shares will be £1.6m for the first 40 per cent, and £400,000 for the remainder in November 1988. In addition Cityvision will acquire the loan made by CBS/Fox to Videoserve of £1m at par in four instalments.

After group and related company taxes totalling £84,000 (nil) earnings per share worked out at 0.57p (0.39p). Group profit came to £80,000 (loss £3,000). Related company profit was £161,000 (£122,000).

Smaller Companies earnings fall

Gross income of the Smaller Companies International Trust rose from £587,000 to £1.04m in the six months to September 30. But with interest charges up from just £1,000 to £425,000, due mainly to the £8m loan drawn in April 1987, and administration expenses up from £117,000 to £189,000, pre-tax profits were £41,000 down at £428,000.

Tax amounted to £120,000 (£141,000) leaving earnings per 25p share down from 0.82p to 0.77p.

The directors said the incidence of investment income and the effect of the investment of the loan would generate significantly lower earnings per share in the second half of the year.

Boddington suitor withdraws bid plans

BY MIKE SMITH

Midsummer Leisure, the public house, discotheques and snooker group, yesterday withdrew plans to bid for Boddington Group in the face of opposition from two of the brewer's largest shareholders.

It said it regretted that Boddington had not been prepared to discuss its proposals for an integrated group and added that withdrawing the proposal was in the best interests of Midsummer shareholders.

Midsummer is to keep its 2 per cent stake in Boddington and said it could not rule out the possibility of a bid in the future.

Shares in Boddington finished the day at 218p, 23p down on their opening price but well up on the 167p of Monday before the plan for a bid was revealed.

Boddington rejected Midsummer's approach on Wednesday, saying it had the support of Whitbread Investment Trust and Britannic Assurance, who with the board control about 34 per cent of the votes.

Mr Adam Page, Midsummer chairman, said yesterday that he was surprised that Boddington could judge the bid proposal without agreeing to a meeting.

Midsummer bought its 1.96m Boddington shares between September 28 and October 9 at a total cost of £2.93m.

WHITBREAD & Company's proposed acquisition of James Burrough will not be referred to the Monopolies Commission.

Stanhope Prop. jumps to 312p on first day

Stanhope Properties yesterday came within a whisker of overtaking Mrs Fields as the largest company on the Unlisted Securities Market after its shares enjoyed a spectacular debut in first day dealings.

Its shares closed at 312p, a substantial premium to the 250p striking price of the tender offer, and nearly three times the company's net asset value as stated in its prospectus.

At that price, the property company with interests in the Broadgate office complex in the City has a market capitalisation of £346m - only fractionally behind that of Mrs Fields.

● Shares in ISA International, the office consumeables company, also went to healthy premium yesterday in first day dealings. Its shares closed at 148p, 68p above the 80p placing price,

Sedgwick transfers control of offshoot to TIC in £15m deal

Sedgwick Group, Britain's largest multinational insurance broking group has transferred the overall control of its former wholly-owned subsidiary,River Thames Insurance Company in a deal with Transamerica Insurance Company.

TIC, the principal property/casualty insurance subsidiary of Transamerica Corporation, is subscribing £14.75m for new shares in River Thames Insurance that will give it a 51 per cent interest in the enlarged company.

The principal activity of River Thames Insurance is the transaction of all classes of insurance and reinsurance business other than life and motor. Its retained premium income in 1986 was £21.7m. The increase in the capital base of River Thames Insurance, which will bring its net assets to £25m, will enable the company to maintain and develope its business within the London market.

The subscription by TIC enables this capital expansion to be made without increasing Sedgwick's financial commitment to insurance underwriting.

Jenners Edinburgh lifts interim profits to £0.3m

Jenners, Princes Street, Edinburgh, the departmental store operator,more than doubled pre-tax profits from £131,000 to £297,000 in the half year to end July.

The trading profit was £182,000 (£37,000) and other income amounted to £115,000 (£94,000); tax charged was £104,000 (£47,000) and there were no exceptional items this time (£27,000).

The interim dividend is stepped up from 10p to 13p but this is largely to reduce disparity and does not necessarily imply an increase for the year, the directors said.

An increase in tourism and a satisfactory rise in home-based sales produced improved turnover and profits for the half year. A poor spring fashion season did affect profitability but the general increase in volume more than offset this.

HTV restructures to ease purchases

By Clay Harris

HTV Group is to change its capital structure to pave the way for future acquisitions. The ITV contractor for Wales and the west of England yesterday unveiled plans to create one class of share by enfranchising 20.5m non-voting shares and granting current holders of the 232,200 voting shares an 11-for-six scrip issue.

HTV's non-voting shares were unchanged yesterday at 374p.

The change was necessary in order to get any future issue of HTV shares underwritten, said Mr Tim Knowles, group managing director. Having extracted itself from diary publishing, HTV has made clear its intention to take advantage of new opportunities available to broadcasters.

If approved by both classes of shareholders, the change would give HTV its first glimpse of any concentration of holdings in its shares. So long as shares are non-voting, ordinary disclosure requirements do not apply. Shareholdings of 10 per cent or more are subject to approval by the Independent Broadcasting Authority.

The change would leave Grampian Television, franchise holder for the north of Scotland, as the only ITV contractor retaining a split-level voting structure.

Benlox

Benlox wishes to make clear that it has not ruled out the possibility of introducing a cash alternative to its £2bn share offer for Storehouse - but does not feel that it is appropriate to introduce a cash offer "at the present time." This corrects the impression given by a headline in yesterday's Financial Times.

COMPANY NEWS IN BRIEF

BUSINESS MORTGAGE Trust: Bolton House Securities has acquired a further 7,000 ordinary taking its holding to 2.21m shares (14.71 per cent).

ABACO INVESTMENTS has conditionally agreed to acquire the Birkett Stevens Colman Partnership, consulting civil engineers, for £1.08m to be satisfied as to £700,000 cash and £375,000 via the issue of 353,772 new ordinary at 106p. The Partnership made profits of £162,000 on a turnover of £871,000 in the year to end-June. Net assets at year-end amounted to £149,000.

TYNDALL HOLDINGS: A total of 23.64m ordinary (90.11 per cent) of the rights issue were taken up, with the balance of 2.6m sold in the market at a premium. The incorrect announcement yesterday that 84.56 per cent had been taken up was due to an error by the registrars.

RIVERSIDE & Mercantile Geared Capital and Income Trust: Net asset value per income ordinary share was 70.57p (46.3p) or 35.31p (20p) per preference capital share as at September 30 1987. After-tax revenue for half year £455,000 (£444,000) and earnings per share 3.25p (3.17p). Second interim dividend 1.1p.

BTR has acquired over 90 per cent of Stewart-Warner Corporation under terms of the cash offer announced last month and will begin the compulsory acquisition of the outstanding minority interests. The offer values Stewart-Warner at $220m (£133m).

REED REGIONAL Newspapers, a subsidiary of Reed International, has acquired the entire issued share capital of Billington and Wright, publisher of the north London-based Independent Group of Free Newspapers. The group has a combined free weekly distribution of some 500,000 copies.

GOLD GREENLEES TROTT has become a 30 per cent partner in the COBA Group, an entrepreneurial firm of 16 professionals who offer corporate business advice and management consultancy. The consideration for the purchase is linked to the profits of the partnership for 1987 and 1988, and will be satisfied by the issue of up to 250,000 new shares in GGT.

STERLING PUBLISHING GROUP: Agreed to acquire Cornhill Publications for an initial consideration of £2,469,489 to be satisfied by the issue of 1,864,104 new Sterling ordinary of which the vendors will retain 400,656 new ordinary.The remainder are being placed, together with an additional 413,123 shares which are being issued to finance the costs and to provide additional working capital.There are clawback arrangements whereby shareholders of Sterling can acquire the shares at the placing price of 131p per share on the basis of one new share for every eight held.

CALEDONIA INVESTMENTS: Mr Ron Brierley's IEP Securities has raised its stake to 6.17 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding div	Total for year	Total last year
Bejam ....fin	2.5	-	2.25	4.75	4.25
Billam (J) ....int	1.6	-	1.56	-	3.96
Britannia Sec. ....fin	1.08 †	-	0.9	1.8	1.5
Caparo Indust. ....int	0.75	Nov 30	0.75	-	1.65
Delyn Packaging ..int	0.38	-	0.25	-	0.88
Farnell ....int	1.5	Dec 4	1.3	-	2.8
Fisher (Albert) ....fin	1.25	Jan 8	0.63*	2.25	1.13*
Hunting Petrol. ....int	3.5	Dec 18	3.5	-	9
Jenners, Edin. ....int	13	-	10	-	27
Kingsley & For. ....int	1†	Dec 2	1	-	3.04
Ldn Atlantic Tst ....int	2.1	-	2.1	-	7.25
Musterlin § ....int	1	Nov 30	1	-	3
Nu-Swift ....int	2	-	1.75	-	7
Ramus § ....int	4.5	Dec 2	3.9	6.5	5.4
Scott. Mortgage ....int	0.8	Dec 1	0.7*	-	2*
Synapse § ....fin	3.2	-	2.2	3.2	2.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §Unquoted stock. ØThird market.

Phicom makes £34m buy and calls for £5.1m

BY ALICE RAWSTHORN

Phicom, life sciences group, plans to double in size with the acquisition of Forma Scientific, which manufactures micro-biological equipment, for $56m (£33.9m) to be paid in shares.

The group also intends to raise £5.1m cash through an offer to shareholders. The proceeds will be used to develop both Phicom's existing life science activities and the new acquisition. Robert Fleming, the merchant bank handling the issue, has conditionally placed all £39m of theshares in the open offer.

Forma Scientific, which is based in Ohio, manufactures micro-biological equipment for use in scientific laboratories in education, medicine and industry. Phicom is buying it fromInternational Minerals & Chemicals, the US concern.

Once the acquisition is completed Forma will be run by its established management team. Mr Christopher Bland, chairman, said that it was in the throes of a product development programme and that it would be expanded through niche acquisitions in the US.

Last year Forma made pre-tax profits (before exceptional items) of $4.2m on turnover of $34.5m. Phicom said that it should make a substantial contribution to the group's growth in earnings per share.

Phicom will issue 44.1m shares to finance the acquisition and 6.6m new shares to raise £5.1m. The shares will be issued in an open offer on a 19 for 24 basis at 77p a share. The company's share price has been suspended at 85p. Dealings should recommence on October 19.

Originally a plantation holding company, Phicom, withdrew from data communications and electronic enclosures last year in order to concentrate on its life sciences interests. Earlier this year the company was restructured when Robert Fleming acquired a controlling interest and a new management team was installed.

The new management team - led by Mr Bland, who is also chairman of London Weekend Television - has adopted a strategy of using Phicom as a base from which to build abusiness in the life sciences field. Mr Bland said yesterday that Forma Scientific would act as the second leg of the group alongside Shandon, its established business.

Bunzl expands further in US

BY DINA MEDLAND

Bunzl, the acquisitive paper, packaging and distribution group, is further expanding its US interests with the purchase of Alliance Plastics, the second largest manufacturer of plastic caps and plugs for the US automotive and general engineering industries, for $9.35m (£5.6m) in cash.

Alliance expects pre-tax profits of $1.35m for the year ending December 31.

The purchase is designed "to consolidate Bunzl's leading position in low pressure injection moulding technology through Moss Plastic Parts (formerly Robert Moss) and its US subsidiary Moldsaver", the company said.

In April, Bunzl bought small Miami-based high pressure injection moulding specialists Master Plastics for $3.5m. The company reported pre-tax profits of $600,000 on sales just under $4m in the year ended January 31.

Since the acquisition of Robert Moss in May last year, Bunzl has steadily broadened the range of plastic products manufactured in the US through a programme of acquisition and expansion.

Moss's low-pressure injection moulding technology is now being introduced into Bunzl's US plastics operation to improve flexibility in its processing operations, Bunzl said.

Mr James White, managing director, said: "Adding Alliance Plastics to our US operations takes our growth in this important market a stage further, and makes Bunzl's industrial division the world's leading manufacturer of plastic caps and plugs."

Earlier this month Bunzl diversified further in the US with the $64m cash acquisition of EESCO Inc, a distributor of electrical equipment based in Chicago.

Bunzl's pre-tax profits jumped 56 per cent to £42.2m (£27.1m) for the half-year to the end of June on turnover of £659.7m (£470.3m). The company made 12 acquisitions in the half-year for a total of £73m, and they accounted for about 45 per cent of the pre-tax profits growth.

British Island Airways up 33%

British Island Airways raised pre-tax profits by 33 per cent from £514,000 to £685,000 on turnover up from £12.44m to £15.55m for the six months to June 30 1987.

Earnings per 10p share (weighted average) rose 25 per cent to 3p (2.4p) after tax of £187,000 (£105,000) and the board intends proposing a final dividend not less than last year's 2p.

The directors said they looked forward to another good result for the full year.

TDS reduces interim loss to £205,000

TDS Circuits, USM-quoted printed circuit board manufacturer, reported lower interim pre-tax losses and expected the second half to be similar to the previous year's when a small profit was made.

The Blackburn-based company increased turnover for the six months to the end of August 1987 by 20 per cent to £4.29m (£3.56m). Pre-tax losses fell from £546,000 to £205,000 although there was a lower insurance credit, resulting from a fire in 1986, of £700,000 against £870,000.

The directors said that the rest of the year should produce a result similar to that of last year, when there was a profit of £73,000, despite there being a significantly lower insurance credit.

Operating losses were cut from £1.21m to £753,000. There was a tax credit for the period of £68,000 (£190,000) for losses per 5p share of 1.96p (5.09p).

Hunting Petroleum steady at £3m after oilfield services loss

BY LUCY KELLAWAY

Hunting Petroleum Services yesterday announced an unchanged interim profit of £3m, but warned that as a result of losses in oilfield services the profit for the year could be less than the £7.1m made in 1986.

However, the company expressed optimism for 1988 based on the performance of its other businesses, all of which contributed higher profits in the first half, and its decision to close down part of its oil services division.

The company said the market for oil services has remained more depressed than anticipated, resulting in a loss of £1m in the first half, compared to a profit of £376,000 last year.

Even though conditions were now getting better as a result of the recovery in oil exploration activity, the company said the upturn was not likely to provide enough work for its four offshore bases. Consequently it said it had decided to close its plants in Norway and Great Yarmouth, and concentrate its oil service resources at Aberdeen and at Velsen-Noord in Holland.

The company said that the closures would reduce its exposure to future losses, while allowing it to benefit from any pick up in activity in the industry. There would be little impact on trading profits this year from the closures, as the costs would be treated as an extraordinary item, and charged against the profit made on the sale of the UK feul distribution company.

Turnover for the six months rose by 10 per cent to £111.9m (£101m). The profit breakdown was as follows: crude oil, transport and terminalling £2m (£1.7m); oil process equipment, products distribution, oil broking and storage, £923,000 (£139,000), lubricants and specialised products £1.8m (£1m).

After a tax charge of £1.4m (£1.6m) the net profit was £912,000 (£1.1m). The interim dividend is held at 3.5p a share.

Billam slips into the red

J. Billam, Sheffield-based precision sheet metal engineer, swung from profits of £145,875 to losses of £46,497 pre-tax over the first six months of 1987.

This resulted from a lull in the company's sector of the engineering trade together with very difficult price restrictions imposed upon the Aircraft and Sheet Metal Engineers subsidiary by its major customer.

The directors said that although the company incurred a small loss for the opening half year they were confident that the situation would be reversed in the second six months.

Prospects for the A and SME subsidiary were promising with projected turnover for the second half and for 1988 in excess of the levels achieved in 1986.

Group turnover for the first half was little changed at £1.24m (£1.17m). There was a tax credit of £10,500 (charge £50,000).

Loss per share emerged at 2.35p (earnings 6.39p). The interim dividend rises from 1.562p to 1.6p.

Kingsley & Forester rises

Kingsley & Forester Group, textile and toys group, reported a 29 per cent increase in pre-tax profits from £859,000 to £1.11m in the first six months of 1987. Sales rose 15 per cent to £31.2m against £27m.

An unchanged interim of 1p is being paid from increased earnings of 3.66p (2.65p).

Mr Arnold Forester, the chairman, said significant stock reduction had been achieved during the half year and that programme was continuing.

The group's two recent acquisitions, Townsend Cycles in June and Comfy Quilts and Textiles in August, were being successfully integrated. The formation of Cannon of America (UK) would come into full operation in 1988, the chairman said.

Comfy Quilt's results have been included on a merger accounting basis.

Tax took £353,000 (£289,000).

Synapse improves to £1m

INCREASED pre-tax profits - up from £752,560 to £1.1m - were yesterday reported by USM company, **Synapse Computer Services** for the year to July 31 1987.

Mr W.C. Williams, the chairman, said the company's first half performance had been consolidated in the second half to produce satisfactory end-of-year results.

The company's New York operation had now completed its first full year and had performed below expectations. That performance had, howevewr, been overshadowed by the success of the parent company.

The company remains confident that the subsidiary will ultimately prove to be an important contributor to group profitability.

Group turnover for the year rose from £3.89m to £5.92m.

The pre-tax figure was struck after net interest payable of £55,200 (£20,500). There was a tax charge of £438,900 compared with £332,100.

The dividend is being raised from 2.2p to 3.2p from earnings of 18.79p (11.95p).

Musterlin incurs loss in first half

Musterlin Group, USM-quoted book publisher, incurred a pre-tax loss of £268,000 in the first half of 1987, as against a £36,000 profit last time.

Mr George Riches, chairman, pointed out however, that the year had displayed the normal imbalance of trading between the first and second halves of the book marketing year in the sectors in which the company was engaged.

The greater proportion of trading and earnings would as planned, fall into the second half with two-thirds of the publishing programme coming through during that period, together with the effect of the group's acquisition programme.

The chairman said prospects for the year were encouraging in all sectors, though much remained to be achieved in the second six months.

First-half turnover fell from £3.16m to £2.65m. Tax charge was £25,000 (£35,000) and loss per 20p share came to 4.33p. The interim dividend is maintained at 1p.

UK COMPANY NEWS

Fidelity checks Caparo but profits doubled

DOUBLED pre-tax profits of *£1.2m against a previous* £615,000 were announced yesterday by Caparo Industries, engineering and consumer electronics group, for the half year ended June 30.

The profits surge was achieved despite the continuation of losses at *Fidelity*, the television and audio equipment company, said Mr Swraj Paul, chairman.

There was, however, a full half year's contribution from United Merchant Bar - a joint venture with British Steel Corporation which owns 25 per cent - as well as very satisfactory profit increases from its three other major companies, Wrexham Wire, Barton Engineering and Barton Abrasives.

Operating profits of the industrial division were up from *£2.8m to £4.11m* before interest of £1.04m (£945,000). But progress was held in check by the electronics division where there were increased losses of £1.16m (£854,000), before interest of £701,000 (£416,000), where Fidelity suffered *gross margins* even lower than last year.

Mr Paul said that Caparo had continued to examine outline proposals with a number of possible purchasers or joint venture parties whose involvement could give Fidelity a more secure commercial future.

He said that the board believed the key to commercial success for Fidelity in the medium term lay in increasing the range of merchandise which it imported from the highly cost competitive Far East.

At the same time, its manufacturing should be orientated to the higher margin more technically sophisticated products such as its new digital large screen televisions and cordless phones. But, said Mr Paul, a solution of that type would take time to achieve, *during which* period trading losses might still continue which were no longer acceptable to Caparo.

Hiving off Fidelity is still under active consideration and the chairman is determined that a satisfactory solution be found as soon as possible, and preferably before the end of 1987.

Commenting on prospects, Mr Paul said the directors had great confidence in the ability of the industrial companies, *their managements, and the* more buoyant UK markets in which they operated. Against that background they were actively considering expansion by acquisition in the engineering and steel related industries. The performance for 1987 as a whole *would still be* affected by Fidelity, nonetheless good overall progress was expected.

Total turnover for the period increased from £59.82m to £69.93m; tax took £379,000 (£186,000) and minority interests, £172,000 (£70,600) leaving attributable profits of £651,000 (£359,000) for earnings of 0.16p (0.61p) undiluted and 0.83p (0.46p) fully diluted.

The interim dividend is maintained at 0.75p per 25p share.

Peek makes £5m acquisition

BY DINA MEDLAND

Peek Holdings, the "shell" turned into industrial holding company *controlled by South African* industrialist Mr Kenneth Maud, has agreed to buy 78 per cent of CIC, a US company producing special-purpose instruments for the industrial and aerospace industries, and to acquire the remaining 22 per cent by tender offer, valuing the company at approximately $8.54m (£5.2m).

CIC also supplies electronic pulse rate monitoring equipment for the medical and health care market. The companyis quoted on Nasdaq, and was capitalised at $5.6m prior to Peek's offer. Its shares are currently traded on the over-the-counter market in the US.

Peek is to finance 78 per cent of the purchase by the issue of 4,733,924 *new Peek ordinary* shares to the vendors at 110p per share. These shares have been conditionally placed by Shearson Lehman Securities.

The remaining 22 per cent of CIC will be purchased by tender offer at $5 a share to be made by October 21, which will value the company at $8.54m (£5.2m). The offer is being made through Peek's US subsidiary holding company, Saratec Inc, based in Delaware.

In the first-half to June 30, 1987, CIC raised pre-tax profits by 42 per cent to $784,000 on sales up 26 per cent to $3.35m. Based on these figures, the purchase price indicates a p/e ratio of about 10, the company said. CIC is also expected to grow by *over 40 per cent this year*, and has an ungeared balance sheet with cash deposits of about $1m.

The technology used by CIC is similar to that used in Peek's subsidiary, Sarasota Technology, acquired in February. Mr Kenneth Maud said the acquisition of CIC was a "small, but logical extension of Peek's activities."

Peek revealed pre-tax profits up from £27,000 to £869,000 in the six months to the end of June, and said the outlook for the remainder of the year was good. The Sarasota Technologies acquisition was followed by the purchase of Husky Computers in July for £3.8m.

Nu-Swift maintains progress

THE DIRECTORS of Nu-Swift Industries said they continued to be encouraged by the progress experienced during the first half of 1987.

They reported a substantial increase from £6.03m to £11.25m in pre-tax profits for the period to June 30, and the interim dividend is increased from 1.75p to 2p net.

Trading operations in the UK continued to provide satisfactory results - Nu-Swift manufactures fire extinguishers and extinguishing agents.

The profits increase was largely due to the improvement of Compagnie Centrale SICLI, its French subsidiary.

Group turnover in the opening half rose from £37.17m to £65.12m. Stated earnings per 5p share improved from 9.43p to 13.17p.

Frenchman Mr Jacques Gaston Murray has a controlling 57 per cent interest in the group.

William Dawkins reports on the climax to five years' work on thermo-nuclear fusion

Big four plot out their sci-fi aims

IT SOUNDS like science fiction: a thermonuclear fusion reactor, providing a near limitless source of pollution-free energy, jointly run and designed by the US, the Soviet Union, the EC and Japan.

Yet that is just what top scientific officials from the four major powers will discuss when they meet at the International Atomic Energy Agency (IAEA) in Vienna next Sunday and Monday. They all want slightly different things from what looks set to be a controversial climax to five years of sensitive groundwork.

But they have one ambitious aim in common: to pool their huge research efforts to produce within three years a so-called "conceptual design" for an International Thermonuclear Experimental Reactor (Iter). Between them, the four powers employ more than 5,000 scientists in nuclear fusion and spend well over £1bn a year on an energy source that is unlikely to become commercially possible before the end of the century.

The meeting is seen in Brussels as the latest and perhaps most important sign of Soviet openness towards the European Community. The two sides do not have formal diplomatic relations. So the fact that Moscow is now talking directly to officials in Brussels about co-operation in fusion does imply some sort of recognition - and this is just a week after a Soviet delegation told the European Parliament that they were interested in participating in the Eureka research co-operation scheme involving 19 European countries.

The talks are an equally remarkable sign of changing attitudes from at least some quarters in Washington. Two to three years ago, the US would never have considered discussing such matters with the Kremlin, European Commission officials point out. "The political will that these talks should bring positive results comes right from the very top," claims Mr Charles Maisonnier, director of the EC's fusion programme. That said, the negotiators have to come to terms with several sensitive problems.

The Vienna meeting is partly a result of a call by EC leaders at their Versailles summit in 1982 for the widest possible co-operation in fusion. That was followed three years later by a bilateral approach to the French Government by Mr Mikhail Gorbachev, the Soviet leader, quietly deflected by a note from Paris that Moscow should address its overtures to the European Commission. The ball was finally set rolling by the 1985 Geneva arms talks, in which both sides agreed to co-operate on fusion.

Mikhail Gorbachev: approach to the French

The most obvious hurdle is how any meaningful joint fusion effort can work within the rules of Cocom, the committee which regulates technology exports to the Soviet bloc from 15 countries including the US, all EC member states and Japan.

Formally, Washington thinks this can be done, so long as the co-operation is confined to design work. Almost by definition, the Iter project can only have peaceful aims because it is to do with controlled fusion, as opposed to the uncontrolled reactions used in H-bombs. Yet the Defense Department is still said to be worried - and the question cannot be dodged indefinitely.

Linked to that are the three non-Soviet partners' worries that they could end up giving away more than they intended. In one sense, Moscow has an historical right to share their fusion skills. Its scientists built in the mid 1960s the world's first tokamak, a machine for producing the powerful magnetic field needed to contain the super-heated gas or plasma central to the fusion process.

The design of that tokamak, inspected closely by UK scientists, made a major contribution to the EC's own fusion research effort, possibly the world's most advanced. Yet the Soviet Union is acknowledged to be behind in the basic technology needed to put its theoretical skills into practice. Its tokamaks, at the Kurtchautov Institute and the Soviet Academy of Science in Moscow are relatively small and basic by Western standards.

That may be why Moscow argued in a preparatory meeting last March that Iter should be made the first step towards actually building a joint reactor, while the EC and the US are markedly more reserved about the outcome.

Another issue fraught with difficulty is how the partners are to insure themselves against the political risk of working with each other. The danger is that foreign policy rows - another Afghanistan or even a Japanese or US trade war - could bring the whole project to a halt, leaving all involved with a mound of incomplete and expensive research work. Here the EC could have more than anyone else to lose because it is ahead of the field in its own fusion research. By the same token, it feels it can lead the pack.

Brussels is keener than the others to see Iter closely aligned with its own fusion work, mainly at Culham in the UK, Cadarache in France and Garching in West Germany, so as to avoid duplicating research costs. At a push, the technical differences between the four can be mastered. "We are all more or less on the same path, even if we envisage variations later down the line," explains Mr Maisonnier.

Politically, however, the problem of who sets the keynote for the project is harder to tackle. The work does not need a great deal of equipment, but there does have to be a base.

The EC has proposed its laboratory at Garching near Munich, conveniently the base for the design work on its own European Torus, a large tokamak intended to confirm the scientific feasibility of fusion during the early 1990s and pave the way for a commercially viable reactor.

But the US has put in its own bid, motivated by a similar wish to influence the project in line with its own - albeit less committed - work. Washington has offered space at its fusion laboratories at Livermore near San Francisco.

One solution being mulled over by the IAEA is to use the agency's headquarters, which have the advantage of being on neutral ground but the drawback of being outside the helpful scientific environment of a national laboratory.

Moscow has no apparent preferences for a site. But it is a testament to the Soviet Union's wish for a more lasting co-operation than the others would like that has argued for a large permanent secretariat for the project, rather than the temporary arrangement involving maybe 10 scientists from each side that the others are prepared to accept.

The big four have set themselves a 1990 deadline for their fusion report - so they will have to reach an accord fast if the project is to work.

COMMODITIES AND AGRICULTURE

Palestinian fruit heads for Europe

BY OUR TEL AVIV CORRESPONDENT

ORANGES AND grapefruit labelled "Hebron," "Nablus" or "Gaza" may go on sale alongside Israel's Jaffa citrus in European shops next year following European Commissioner Claude Cheysson's talks here this week.

It initially appeared that Mr Cheysson had failed to reach any agreement with Israeli Ministers on the controversial issue of agricultural exports from the Israeli-occupied territories. But officials on both sides now say that Israel has reluctantly agreed to allow Palestinian farmers from the occupied West Bank and the Gaza Strip to export their produce directly to the European Community under their own labels.

Mr Cheysson, in charge of EC Mediterranean Policy, played down the tentative accord, details of which have yet to be worked out, describing it as a technical measure, in an effort to avoid political embarrassment for Mr Yitzhak Shamir, Israel's prime minister.

Mr Shamir's right-wing Likud bloc opposes any attempt to make the occupied territories economically or politically independent of Israel and Mr Ariel Sharon, the hawkish Industry and Trade Minister, had vowed that Palestinian growers would export "not one orange, not one grapefruit" independently.

In tough private talks, Mr Cheysson used two main arguments to persuade Israeli leaders to yield on an issue of more political than economic concern to the Europeans.

He warned that Israel was committing large-scale fraud by having its Agrexco marketing corporation produce from the West Bank and Gaza, worth an estimated $1m a year, falsely declared as Israeli.

Israel's current practice would not stand up in court, he told a news conference.

He also said the European Parliament might not muster the required absolute majority to ratify a recent agreement lowering tariffs on Israeli agricultural exports if the political climate was poisoned by a row over the occupied territories.

Israel is anxious to have the accord, initialled last year, implemented immediately because its lucrative exports of cut flowers are now subject to a higher tariff than Spain's.

Most Palestinian produce — $43m worth last year — is exported on a circuitous route via Jordan, which imposes its own quotas.

On the positive side, Mr Cheysson noted that allowing direct exports would lend substance to Israel's declared aim of improving the quality of life in the West Bank and Gaza Strip.

He also reassured the Israelis that the estimated 25,000 to 30,000 tonnes of Palestinian citrus would not be deducted from Israel's quotas, and that Israeli produce would not face penal levies if West Bank exports pushed prices below the EC minimum.

Mr Arye Nehamkin, the Israeli agriculture minister, who had been sceptical about the scheme, eventually gave it his blessing and Mr Shamir, impressed by the legal arguments, said he could agree to a practical arrangement for direct exports.

A senior Israeli foreign ministry official, who all but rejected the EC demand on the eve of Mr Cheysson's visit, admitted afterwards that Israel had conceded on several points, but growled: "It is very difficult to find significant progress on a non-problem."

EC customs and agriculture experts are due in Israel soon to sort out the technical issues of labelling and certification of origin. EC officials are crossing their fingers that Palestinian growers will not provoke the Israelis politically by demanding that their fruit and vegetables be labelled "Palestine."

Other parts of the export process remain murky. Mr Cheysson deliberately avoided the issue of how the produce would be transported across Israel, packaged and shipped to Europe, leaving the Palestinians to work out their own arrangements, presumably with Agrexco.

The biggest uncertainty hangs over the marketing of the produce in Europe.

The Israelis seem determined that this should be handled by Agrexco, to avoid unwelcome competition for Israeli produce. Mr Cheysson said the Palestinians should be free to use whomsoever they want to market their produce in Europe, hinting that they might like to employ a major European distributor.

European officials are counting on Mr Shamir's awareness of the legal dangers to thwart any attempt by Mr Sharon to wage a political campaign against the direct exports plan.

Keeping the greengrocery bill down

In the concluding article of our series on European Commission plans to cut the spiralling cost of EC farm policies, Tim Dickson looks at a sector in which support spending has actually declined in recent years.

GIVEN THE European Community's soaring agricultural budget over the past few years, it must be reassuring for policymakers in Brussels to know that there is at least one sector where spending recently has been cut sharply.

Fruits and vegetables may not be the cornerstone of the Common Agricultural Policy but it is instructive nevertheless that the cost of this little-publicised regime is expected to work out at just above Ecu 1bn this year, compared with Ecu 1.48bn in 1984.

Admittedly the perishable nature of the product prevents any build-up of stocks and mitigates the need for export restitutions—a system of subsidies which has proved cripplingly expensive elsewhere when currencies move the wrong way and world prices collapse.

On the other hand, fruit and vegetable producers throughout the Community can justly claim that they have had to swallow some of the harsher medicine administered by Brussels since 1984 and that significant measures have already been taken, notably in the tomatoes sector, to "stabilise" expenditure in the sector.

The EC's support for fruit and vegetables covers a bewildering range of different products—from garlic onions and green peas to apples and mandarin oranges—grown both for the fresh market and for the processing industry. "There must be at least 40 to 50," commented one senior official in the Commission's Agricultural Directorate General apparently not in possession of the precise figure. Inevitably such diversity requires complexity and renders inappropriate efforts to impose any uniform financial disciplines on the market.

The sector is further characterised by sharp seasonal variations and keen price sensitivity to even small increases in supply—some surpluses are "structural," meaning that the basic level of production is too high, but most of the problems are created by short term imbalances which by their nature are difficult to predict—moreover, as with wine and tobacco, the bulk of output comes from the southern member states (notably Italy, Greece and Spain) with all the North/South political tensions which that entails.

The fruit and vegetables regime was one of the first to be established under the CAP in the early 1960s. It consists of protection, albeit fairly weak, against imports from outside the Community—direct subsidies for processors (designed to encourage them to buy their raw material from EC producers)—and an "intervention" system operated mainly by producer organisations whereby fruits and vegetables are taken off the market and farmers paid a guaranteed "buying in" or "withdrawal" price in compensation.

The aim is to underpin prices and protect producer incomes. But the policy has attracted political criticism. A Commission official insists that the bulk of these surpluses are given away to hospitals or charities but a proportion of production inevitably has to be destroyed.

Brussels has generally pursued a restrictive price policy for most products over the past three years, but a guarantee threshold (ie production limit) was introduced for the first time in 1987 in an effort to control the buying in of fresh tomatoes. Tomato production has expanded considerably as growers have sought to cash in on the generous subsidiaries paid to the precessing industry which accounts for a major share of output. In its paper on stabilisers last month the Commission said that it wished to extend this intervention threshold to other fruit and vegetable products, but exactly which ones and how has not yet been worked out.

Similar plans are afoot to extend to other products (also unspecified) the system of thresholds and quotas which restrict the amount of aid paid to processors of tomatoes (notably), dried grapes, pears and cherries. These thresholds do not cut off aid in the year of surplus production but the level of support is cut in the following 12 months.

The really hard bargaining is unlikely to begin until next year's farm price negotiations but as Agriculture Ministers meet on Monday to start their deliberations on the whole range of stabilisers they will be conscious that further concessions on fruit and vegetables will not be easily won.

Mediterranean producers point out that "northern" products like cereals and beef enjoy far greater levels of Community support as well as stronger protection against non-EEC producers.

This is provided in the case of fruit and vegetables by a system of reference prices which importers must respect or face the penalty of paying a supplementary duty. The trouble, as seen from "the south," is that this duty is applied retrospectively—after the damage has been done—and that many of the EC's so-called Mediterranean agreements with trading partners in the region provide exemptions from these rules. Officials in Brussels point out these supplies generally do not coincide with the relevant Community harvests but some member states, notably Italy, are already arguing for a reinforcement in the fruit and vegetables area of Community preference.

According to the Commission, the worst of the tomato problem would appear to be over but there are other products where surpluses are high or potentially high — withdrawals of mandarin oranges from production, for example, have exceeded 50 per cent for several years while apples and Greek peaches are ones to watch.

Pipeline problem cuts LPG output

By Lucy Kellaway

LIQUIFIED PETROLEUM gas prices are likely to remain under pressure at least until February following the announcement by BP yesterday that its LPG terminal at Sullom Voe in the Shetland Islands will be out of action until February next year.

The plant, which handles gas from the giant Brent and Ninian fields in the North Sea, was shut down at the beginning of the month after pipes were discovered to be heavily corroded.

The closure has already had a marked impact on prices, and has cut production of LPG from the North Sea by about 30 per cent. At the beginning of this month Shell and BP announced an increase of between 30 and 40 per cent in propane and butane prices.

Traders said yesterday that further price rises could be in prospect, especially as the closure has occured at a time of year when demand is at its peak.

MacGregor doubts milk quotas will be relaxed

BY BRIDGET BLOOM

THE APPARENT belief of the European Commission that the quota system for milk could be relaxed by 1991 should be treated with extreme caution, Mr John MacGregor, the British Minister of Agriculture, said yesterday.

There was still a serious imbalance in the Community market for dairy produce despite the introduction of quotas and some success in curbing production of butter and skimmed milk powder, the Minister said.

Milk deliveries had not fallen in line with quota either in the Community as a whole or in Britain, while consumption of some dairy produce, like butter, was static or actually falling.

In view of this, and farmers' potential for increasing production, Mr MacGregor said he saw no realstic alternative to the continuation of strict controls on the absolute level of milk supplies throughout the Community.

Quotas were having some effect: butter production was down in the first six months of this year by over 13 per cent compared to 1986 and skimmed milk powder by 17 per cent.

However, in 1986, "the amount of butterfat exported with export refunds, disposed of with subsidies on the internal market or simply added to the intervention stockpile, was the equivalent of about 28m tonnes of milk." The quotas introduced last December were designed to reduce production by only 9.5, Mr MacGregor noted.

The Minister, who was speaking at a seminar organised by the Food and Drink Manufacturing Economic Development Council, said he believed the Community should make a much greater effort to stimulate consumption of dairy produce.

The Community was moving towards a situation in which the only purpose for producing and processing milk would be to meet a market demand. The Government and the Community, and also the dairy industry itself, had to come to terms with "working, thinking and operating in a free market way like any other industry," Mr MacGregor said.

West Bengal jute hit by flooding

By P. C. Mahanti in Calcutta

EXTENSIVE FLOODING over the past month is feared to have caused heavy damage to the jute crop waiting to be harvested in West Bengal, which accounts for two-thirds of India's production.

Accurate assessment of crop losses will not be possible until the flood waters subside—but it is clear that the country's output will be well below the 6m bales (1.05m tonnes) being estimated three weeks ago.

India's jute production follows a three year cycle and this was scheduled to be a short year in any case. In each of the last two years output reached 8m bales.

With large stocks having been carried forward from previous years and the milling industry operating at only two-thirds of capacity Indian jute traders and millers say they do not foresee an actual supply shortage. But the fibre market apparently takes a different view and the raw jute price has jumped to Rs 325 a quintal (£15 a cwt) from Rs 245 a little over three weeks ago.

Brighter outlook for oilseed crushers

BY JOHN BUCKLEY

CHEAPER RAW material costs and buoyant markets for products have raised UK oilseed processors' operating margins significantly this season. Some of the larger and more economical crushers say they have been obtaining margins of £25 a tonne after barely breaking even for much of last year.

An important factor has been the drop in EC support that has effectively cut the price crushers' pay for rape seed to around £235 a tonne recently from between £280 and £300 a tonne last autumn.

Oil yields from 1987 crop seeds are down slightly but that has been outweighed by a rise in value of bulk rape seed oil to about £195 a tonne from £155 last autumn, when the European market was flooded with cheap palm oil from the Far East. Rape seed oil prices usually come under pressure at this time of year as Malaysian palm oil output rises seasonally. But vegetable oil dealers believe unusually heavy import demand from drought-hit India will mop up surpluses of palm and other vegetable oils this year. "We expect no more than a slow leak in the oil price," said one.

Margins have also been helped by better-than-expected demand for the crushers' rape meal by-product, in spite of a drop in demand for other cattle feed ingredients following EC milk quota cuts. Rape meal recently advanced to £80 a tonne from only £50 a tonne in the summer and seasonal growth in demand for winter feed should keep the price firm. That would help to offset a cut in the subsidy Brussels pays crushers to buy EC seed (from over £200 a tonne to about £143 a tonne).

The crushers are keen, however, to discourage over-optimism on the part of growers, some of whom have seen in better crush margins a signal to hoist prices for their record 1.3m tonnes crop.

"Supplies must keep coming off the farm at the right price to ensure economic disposal," said one crusher. He felt the most the UK industry could handle this year was around 900,000 tonnes, "or, if margins contract, only 800,000."

He felt UK growers had been putting too much faith in export trade to the Continent to clear the surplus and noted that French and other north European crushers with record crops of their own had already secured better supplies than their British counterparts.

"Keen prices are essential to sell into Europe and foreign markets," he stressed, "especially with sterling stronger than last season."

LONDON MARKETS

A FRESH WAVE of speculative selling hit the cocoa futures market yesterday, sending prices to the lowest levels since January, 1983. The March position dipped £17.50 to £1,177.50 a tonne as traders responded to bearish chart patterns and currency factors. Dealers also noted a somewhat surprising willingness on the part of some producing countries to sell physical cocoa, in spite of the increasing unrewarding prices, and this added to the downward pressure. In the past few days sales have been reported from Brazil, Nigeria, the Ivory Coast and Ghana. At the same time consumer demand remains slack, although manufacturers believed to need cover shortly. Sterling's strength against the dollar also depressed coffee futures prices, with the January position closing at £1,365.50 a tonne, down £16.50 on the day. Traders said developments on Brazil's October export registrations are still keenly awaited.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial close (p.m.)	+ or —	High/Low
	$ per tonne		
Cash	2135-45	+25	2170
3 months	1935-45	+15	1940/1930

Official closing (am): Cash 2170-80 (2130-40), three months 1970-80 (1940-50), settlement 2180 (2140). Final Kerb close: 1935-45. Ring turnover: 4,100 tonnes.

99.5% purity	£ per tonne		
Cash	1282-6	-4.5	1280/1275
3 months	1147-8		1156/1143

Official closing (am): Cash 1274-5 (1308-11), three months 1165-6.5 (1163-5), settlement 1275 (1311). Final Kerb close: 1142-3. Ring turnover: 33,575 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or —	High/Low
Cash	1216-7	+4.5	1220/1218
3 months	1176-6.5	+6.5	1179/1172

Official closing (am): Cash 1219.5-20.5 (1224-5), three months 1176.5-7 (1179-8.5), settlement 1220.5 (1225). Final Kerb close: 1175-5.5.

Standard			
Cash	1197-202	+5	—
3 months	1170-4	+9.5	—

Official closing (am) Cash 1200-5 (1205-10), three months 1170-5 (1170-5), settlement 1205 (1210). US Producer prices 90-94 cents per lb. Total ring turnover 39,125 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	366.5-6.5	—	365
3 Months	356.5-7	+0.25	360/357

Official closing (am): Cash 365-5.5 (371-2), three months 358.7 (361.5-62), settlement 365.5 (372). Final Kerb close: 356-7. Ring turnover 7,500 tonnes. US Spot: 42 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	3560-70	+117.5	—
3 months	3485-90	+65	3490/3468

Official closing (am): Cash 3,515-25 (3,445.50), three months 3,460-5 (3,420-5), settlement 3,525 (3,450). Final Kerb close: 3,485-90. Ring turnover 960 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	461-3	+5	—
3 months	466.5-7	+4.25	467/464

Official closing (am): Cash 461.5-2.5 (460-1), three months 465.5-6 (466.5-67), settlement 462.5 (461). Final Kerb close: 466-7. Ring turnover: 5,625 tonnes. US Prime Western: 43-43.75 cents per pound.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.		Puts Nov.	
Aluminium 99.7%	—	—		—	
		Nov.	Jan.	Nov.	Jan.
Aluminium 99.5%	1,900	—	81	—	—
	2,050	49	—	—	—
Copper (Grade A)	1,950	—	89½	—	—
	2,000	—	—	46½	—
	£/tonne				
Copper (Grade A)	1,175	—	40	—	—
	1,200	—	—	18	—

TIN

Kuala Lumpur Tin Market: Close 17.15 (17.15) ringgit per kg.

GOLD

GOLD BULLION (fine ounce)	Oct. 15	
Close	$464¾-465¼	(£279-279½)
Opening	$461½-462¼	(£277¾-278¼)
M'n'g fix	$461.75	(£277.711)
Aft'n'n fix	$466.60	(£279.670)
Day's high	$467-467½	
Day's low	$461½-462	—

GOLD AND PLATINUM COINS		
Am Eagle	$478½-483½	(£287¼-290¼)
Mapleleaf	$479-482	(£287¾-289½)
Kr'g'r'nd	$463½-466½	(£278¼-280¼)
½ Krug	$244-246	(£146½-147¼)
¼ Krug	$125-126	(£75-75¾)
Angel	$476-479	(£285¾-287¾)
1/10 Angel	$48½-53½	(£29¼-32¼)
New Sov.	$109¼-110¼	(£65¾-66¼)
Old Sov.	$109¼-110¼	(£65¾-66¼)
Britannia	$478½-483½	(£287¼-290¼)
Noble Plat.	$599-606	(£359¼-364)

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.09p per kg lw (−0.51). GB—Sheep 164.18p per kg est dcw (−4.62). GB—Pigs 77.58p per kg lw (−0.87).

INDICES

REUTERS

Oct. 14	Oct. 13	M'th ago	Year ago
1681.2	1681.8	1654.3	1681.0

(Base December 31 1931 = 100)

DOW JONES

Dow Jones	Oct. 14	Oct. 13	M'th ago	Year ago
Spot	127.52	127.23	—	122.46
Fut	133.40	132.98	—	122.95

(Base December 31 1931 = 100)

MAIN PRICE CHANGES

	Oct. 15 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$2190/190	+32	$1755/765
Copper			
Cash Grade A	£1216.5	+4.5	£1092.5
3 months	£1176.25	+6.5	£1107.5
Gold Troy oz	$465	+4.2	$460.5
Lead Cash	£366	-4	£392
3 months	£356.75	+0.25	£374.5
Nickel			
Free Mkt	265/285c	+6	242/262c
Palladium oz	$136.25	+1	$137.25
Platinum oz	$593.50	+15.75	$583.75
Quicksilver†	$295/305		$300/310
Silver troy oz	469.80p	+1.75	456.65p
3 months	481.65p	+1.55	466.10p
Tin			
free Mkt	£4152/161	-20	£4153/158
Tungsten	$51.16		$55.47
Wolfram 22.04lb	$38/50		$40/57
Zinc	£462	+5	£450
3 months	£466.75	4.25	£454.75
producers	$880		$860
OILS			
Coconut (Phil)	$507.5t	+2.5	$477.5
Palm Malayan	$350z		$335
Seeds			
Copra (Phil)	$330		$315
Soyabean (U.S.)	$156	-1	$163
GRAINS			
Barley Fut. Jan.	£107.00	+0.20	£102.10
Maize	£133.50	+2.5	£150.00
Wheat Fut. Jan.	£112.20	-0.20	£105.35
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1177.5	-17.5	£1226
Coffee Ft. Jan	£1365.5	-16.5	£1509
Cotton A Ind.*	75.80c	-0.3	83.90c
Gas Oil Dec.	$167.25	-0.5	$157.25
Rubber (kilo)	68p	-0.5	71p
Sugar (raw)	$175.8w	-2.2	$158
Wooltops 64s	580p kilo	+7	489pkilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. * Cotton outlook. w Oct-Nov. y Nov. z Dec. t Nov-Dec.

SILVER

Silver was fixed 1.75p an ounce higher for spot delivery in the London bullion market yesterday at 469.8p. US cent equivalents of the fixing levels were: spot 781.5c, up 11.35c; three-month 799.15c, up 11.85c; six-month 817.25c, up 13.45c; and 12-month 854.8c, up 13.8c. The metal opened at 469¼-470¼p (780-782c) and closed at 471¼-472¼p (785-787c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	469.80p	+1.75	789c	+7.5
3 months	481.65p	+1.55	805c	+7.5
6 months	493.80p	+2.15	—	—
12 months	517.95p	+1.65	—	—

Three months final kerb 800-3c.

LME—Turnover: 0 (0) lots of 10,000 oz.

COFFEE

Robustas eased again on renewed trade selling, reports Drexel Burnham Lambert. Offers from origin, which were just above current levels, limited the opportunities for any market recovery. Scale-down price-fixing and short-covering cushioned the decline in moderate trading.

COFFEE	Yesterday's close	+ or —	Business done
Nov	1338-1350	-14.0	1346-1335
Jan	1365-1366	-16.5	1378-1364
Mar	1385-1388	-16.5	1399-1385
May	1405-1408	-15.5	1419-1406
July	1420-1428	-19.5	1436-1423
Sept	1445-1450	-7.0	1453-1448
Nov	1455-1465	-11.5	—

Sales: 4,241 (3,498) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for October 14: Comp. daily 1979 112.25 (112.48); 15-day average 108.61 (107.89).

COCOA

Futures declined £23 to register life-of-contracts lows and closed on a weak note just above those levels. Producers were still sidelined and only light cocoa products offtake was seen from the consumer side of the industry, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or —	Business done
Dec	1144-1145	-20.0	1164-1142
March	1177-1178	-17.5	1194-1173
May	1198-1199	-17.0	1208-1194
July	1217-1218	-20.5	1226-1216
Sept	1237-1238	-17.5	1245-1235
Dec	1262-1263	-15.5	1268-1259
March	1288-1290	-14.5	1294-1286

Sales: 4,965 (2,785) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for October 15: 1,451.58 (1,476.09); 10-day average for October 16: 1,485.49 (1,489.38).

FREIGHT FUTURES

A three point rise in the BFI, which included a Gulf/Continent fixture at $9.75, saw the futures advance slightly and close on the highs with a modest three point gain on the day. The market was still awaiting further signs of the Soviet interest recently rumoured, reports Clarkson Wolff.

	Close	High/Low	Prev.
	Dry Cargo		
Oct.	1110	1111/1105	1107
Jan.	1231	1231/1207	1229.5
Apr.	1265	1166/1264	1263.5
July	1153.5	1155/1153	1152
Oct.	1250	—	1233.5
Jan.	1240	—	1250
April	1320	—	1312.5
BFI.	1086.5		1086.5

Turnover: 160 (159).

GRAINS

LONDON GRAINS—US dark northern spring no 2 14 per cent Nov 98.00, Dec 98.25. US no 2 soft red winter Nov 94.00, Dec 96.50. French 11½-12 per cent, Oct 136.00 sellers. English feed fob Jan/March 115.25, April/June 118.00 paid east coast, Oct 110.00/111.00, Nov/Dec 111.50/112.00 buyer/sellers, Dec 112.50 sellers. Maize: US no 3 yellow/French transhipment east coast second-half Oct 133.50 seller. Barley: English feed Oct 106.50 sellers, Nov 108.00/109.00, Dec 109.50/110.00, Jan/March 112.50/113.00 buyer/sellers.

Wheat, after temporary selling pressure, firmed on restitution optimism, absorbing fringe shipper selling to close with buyers over. Barley, after an initial set-back on November due to shipper long liquidation, then steadied sharply to break contract highs on general trade buying, reports T. G. Roddick.

Mnth	WHEAT Yest'dy's close	+ or —	BARLEY Yest'dy's close	+ or —
Nov	110.50	+0.10	104.30	-0.10
Jan	112.20	+0.20	107.00	+0.20
Mar	113.85	+0.35	108.90	+0.40
May	116.00	+0.05	110.35	+0.55
July	118.00	+0.05	—	—
Sept	102.25	-0.75	99.25	-0.75
Nov	104.00	-0.75	101.75	-0.75

Business done—Wheat: Nov 110.30-9.40, Jan 112-30-1.50, March 113.75-3.00, May 116.00-5.45, July 118.00, Sept and Nov untraded. Sales: 274 lots of 100 tonnes. Barley: Nov 104.35-3.75, Jan 107.10-6.55, March 108.90-8.40, May, Sept and Nov untraded. Sales: 191 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: S East 102.00, S West 102.00, N West 101.30. The UK monetary coefficient for the week beginning Monday October 19 will remain unchanged.

POTATOES

Overnight rain brought out buyers again on the opening, but after rising £5.00 values eased on profit-taking, hitting several stop-loss levels to register a fall of £3.50 on the day by mid-morning, before rising back to around overnight levels by lunch. Afternoon trade started higher again, but persistent heavy selling pushed the market back to £163.00, basis April, before fresh buying lifted values off the lows at the close, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov.	95.00	98.30	99.00-95.00
Feb.	107.50	110.00	—
March	90.50	93.00	93.00-92.00
Apr.	164.70	167.00	178.10-163.00
May	178.00	180.50	188.00-177.00
Nov	75.00	80.50	—

Sales: 1,987 (2,827) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel) Nov.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.01-17.05	+0.085
Brent Blend	18.74-18.75	-0.085
W.T.I. (1pm edt)	19.72-19.77	-0.03
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	183-185	—
Gas Oil	165-166	—
Heavy fuel Oil	101-102	—
Naphtha	159-162	-0.5

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yesterd'ys close	+ or —	Business done
	US$ per tonne		
Nov	166.00	-0.50	166.50-65.25
Dec	167.25	-0.50	168.00-67.00
Jan	168.25	—	168.75-68.25
Feb	167.50	+0.75	167.75-67.50

Turnover: 2,131 (2,969) lots of 100 tonnes.

US MARKETS

WEAKNESS in the US dollar prompted good trade, local and commission house buying in the precious metals, reports Drexel Burnham Lambert. However, increasing trade pressure towards the highs led to long liquidation which reversed the day's trend. Copper firmed in line with the precious metals but fund liquidation and local selling eased the market before late commission house buying and local short-covering helped prices recover. Crude oil futures were held to narrow ranges as the market tended to consolidate. Early commission house short-covering was noted which took the market to the highs. Heavy trade selling of the spreads was also noted which led to a narrowing of differentials. The softs were quiet. Cotton rallied on local buying in the face of commission house scale-up selling before the locals took profits, easing the market to the lows where the locals again bought. Sugar rallied on light trade and commission house buying before producer and commission house selling forced prices forced prices to the lows. Cocoa rallied initially on dollar weakness, but fell on local liquidation and trade and arbitrage selling which touched off light stops. Coffee was featureless. The grains were also quiet, consolidating recent gains and closing narrowly mixed.

NEW YORK

ALUMINIUM 40,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	85.30	85.10	—	—
Nov	85.30	85.10	—	—
Dec	85.30	85.10	85.30	85.30
Jan	83.10	82.90	—	—
March	79.50	79.30	—	—
May	74.25	74.05	—	—
July	71.50	71.30	—	—
Sept	71.50	71.30	—	—

COCOA 10 tones; $/tonnes

	Close	Prev	High	Low
Dec	17.95	18.02	18.05	17.88
March	18.25	18.29	18.34	18.18
May	18.54	18.58	18.60	18.46
July	18.83	18.85	18.90	18.77
Sept	19.11	19.13	19.15	19.10
Dec	19.42	19.43	19.52	19.45
March	19.70	19.70	—	—

COFFEE "C" 37,500 lbs; cents/lbs

	Close	Prev	High	Low
Dec	124.74	124.34	124.95	124.25
Mar	128.70	128.11	128.90	128.30
May	130.00	129.75	130.25	129.90
July	131.25	131.01	131.40	131.00
Sept	132.50	132.05	132.50	132.25
Dec	133.50	132.80	133.80	133.50
Mar	134.13	134.05	—	—

COPPER 25,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	87.65	86.85	87.60	87.10
Nov	87.55	86.75	—	—
Dec	87.35	86.50	87.75	86.10
Jan	86.70	85.85	86.90	86.90
Mar	85.45	84.50	85.75	84.15
May	84.30	83.40	84.60	83.60
Jul	82.20	81.40	—	—
Sep	82.80	82.00	82.30	82.30
Dec	82.60	81.80	81.90	81.90

COTTON 50,000 lbs; cents/lbs

	Close	Prev	High	Low
Dec	69.14	69.38	69.70	69.10
Mar	70.55	70.72	71.15	70.50
May	71.13	71.05	71.70	71.05
Jul	71.20	71.30	71.85	71.10
Oct	66.75	66.85	67.30	66.65
Dec	65.10	65.00	65.50	65.00
Mar	66.55	66.25	—	—

CRUDE OIL (LIGHT) 42,000 US gallons; $/barrel

	Latest	Prev	High	Low
Nov	19.76	19.77	19.81	19.72
Dec	19.71	19.68	19.72	19.66
Jan	19.62	19.56	19.62	19.57
Feb	19.52	19.47	19.54	19.48
Mar	19.45	19.40	19.45	19.42
Apr	19.38	19.33	19.38	19.34
May	19.28	19.27	19.32	19.27
June	19.22	19.22	—	—
July	19.16	19.18	19.18	19.18
Aug	19.15	19.15	19.16	19.16

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
Oct	462.9	460.8	468.5	462.2
Nov	464.2	462.7	—	—
Dec	467.8	465.8	472.5	467.1
Feb	475.1	472.9	480.0	483.8
April	482.6	480.2	487.0	482.0
June	490.1	487.5	494.5	489.0
Aug	497.6	494.9	502.0	496.0
Sept	460.0	460.1	461.0	461.0
Oct	505.4	502.6	510.5	504.5
Dec	513.1	510.3	519.0	511.0
Feb	421.0	518.2	525.0	520.5
June	537.6	534.4	543.0	543.0
Aug	545.9	542.7	547.2	544.8

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
Nov	56.10	56.03	56.20	55.95
Dec	56.25	56.25	56.45	56.20
Jan	56.45	56.34	56.55	56.25
Feb	56.15	56.00	56.20	56.00
March	53.90	53.65	53.95	53.60
April	52.05	51.95	52.00	51.90
May	51.00	50.50	51.15	50.75
June	50.40	50.01	50.40	50.20

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Prev	High	Low
Nov	146.30	145.50	146.50	145.40
Jan	144.45	143.20	144.80	143.25
March	144.00	142.55	144.00	142.80
May	144.10	143.00	—	—
July	144.10	143.00	143.80	143.00
Nov	141.50	141.00	—	—
Jan	140.90	141.00	—	—
March	140.90	141.00	—	—

PLATINUM 50 troy ounces, $/troy ounce

	Close	Prev	High	Low
Oct	589.0	581.7	588.0	585.5
Dec	594.3	587.0	—	—
Jan	596.5	589.2	608.0	587.5
April	607.2	598.7	615.0	602.0
July	616.0	608.2	623.0	613.2
Oct	629.0	617.4	630.0	625.5
Jan	640.0	626.7	648.0	634.5

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Prev	High	Low
Jan	7.04	6.93	7.01	7.01
March	7.43	7.44	7.38	7.41
May	7.57	7.60	7.72	7.57
July	7.70	7.73	7.84	7.69
Oct	7.83	7.88	7.96	7.82
Jan	8.00	8.04	—	—
March	8.28	8.34	8.40	8.35

SILVER 5,000 troy oz; cents/troy oz

	Close	Prev	High	Low
Oct	775.0	780.2	—	—
Nov	779.1	784.1	—	—
Dec	784.0	789.0	807.0	780.0
Jan	789.9	794.8	803.0	803.0
Mar	803.1	807.9	825.0	798.0
May	816.1	820.7	835.0	816.0
July	829.2	833.9	850.0	822.0
Sep	842.5	347.2	864.0	860.0

CHICAGO

LIVE CATTLE 40,000 lbs; Cents/lbs

	Close	Prev	High	Low
Oct	68.85	69.10	68.95	68.15
Dec	68.75	68.62	69.25	68.45
Fed	66.67	66.42	67.12	66.30
Ap	67.92	67.52	68.30	67.47
Jun	67.47	67.12	67.70	67.00
Aug	66.00	65.85	66.30	65.75
Oct	64.50	64.50	65.02	64.50

LIVE HOGS 30,000 lbs; Cents/lbs

	Close	Prev	High	Low
Oct	49.15	49.65	49.50	48.63
Dec	46.25	46.60	46.80	46.12
Feb	44.42	44.60	44.90	44.25
April	41.37	41.57	41.80	41.35
June	43.95	44.02	44.30	43.60
July	44.35	44.12	44.37	44.15
Aug	43.25	43.30	43.45	43.05
Oct	40.25	40.30	40.50	40.25
Dec	40.35	40.35	—	—

MAIZE 5,000 bu min; cents/56lb-bushel

	Close	Prev	High	Low
Dec	187.4	187.2	188.4	186.2
Mar	195.8	195.4	197.0	194.4
May	201.4	201.4	203.0	200.2
July	205.0	204.8	206.2	203.4
Sep	199.4	200.0	201.4	199.0
Dec	198.4	199.0	199.6	196.4
Mar	205.2	206.4	—	—

PORK BELLIES 38,000 lb; cents/lb

	Close	Prev	High	Low
Feb	56.92	57.82	58.35	56.65
March	56.42	57.40	57.75	56.15
May	57.72	58.25	58.35	57.05
July	58.10	58.30	58.30	57.52

SOYABEANS, 5,000 bu min; cents/60lb-bushel

	Close	Prev	High	Low
Nov	542.6	545.4	547.4	451.0
Jan	552.4	554.2	556.4	550.2
March	562.0	562.2	565.0	559.0
May	570.4	570.2	572.4	566.0
July	578.0	576.4	579.0	572.4
Aug	572.6	572.0	576.0	572.0
Sept	563.0	564.0	565.6	563.0
Nov	561.0	563.6	565.0	560.0

SOYABEAN OIL 60,000 lb; cents/lbs

	Close	Prev	High	Low
Oct	17.77	17.80	17.91	17.63
Dec	18.01	18.08	18.20	17.94
Jan	18.21	18.29	18.40	18.15
March	18.54	18.60	18.71	18.45
May	18.80	18.83	18.95	18.70
July	19.00	19.07	19.15	18.90
Aug	19.02	19.11	19.20	18.90
Sept	19.02	19.10	19.20	19.00
Oct	19.07	19.12	19.10	19.05
Dec	19.16	19.20	19.35	19.16

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
Oct	176.0	175.0	176.2	174.6
Dec	172.2	171.7	173.2	171.4
Jan	170.3	170.1	171.5	169.6
March	169.2	169.1	170.5	168.5
May	168.5	168.2	169.4	167.5
July	168.0	168.2	169.0	167.0
Aug	167.7	167.2	168.5	167.0
Sept	167.0	166.8	168.5	167.0
Oct	166.1	166.5	167.5	166.1
Dec	166.5	167.0	168.0	166.0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Prev	High	Low
Dec	309.0	311.6	312.4	307.0
March	319.0	321.6	322.2	318.0
May	315.2	318.4	317.0	312.4
July	299.0	299.0	301.0	297.4
Sept	302.0	302.0	303.0	300.0
Dec	308.0	309.0	308.0	308.0

SPOT PRICES: Chicago loose lard 14.00 (same) cents per pound. Handy and Harman silver bullion 786.000 (778.5) cents per troy ounce. New York tin 317.00-318.75 (317.00-318.00) cents per pound.

SOYABEAN MEAL

A weaker dollar and lacklustre cash markets eased prices. Professional selling against mixed buying were the only noted features, reports Muirpace.

	Yesterd'ys close	+ or —	Business done
	£ per tonne		
October	—	—	—
Dec	131.5-132.0	-0.75	—
Feb	132.5-133.0	-0.75	—
April	132.5-133.5	-2.75	133.8
June	127.0-128.0	-1.50	127.5
August	126.8-127.5	+0.75	—
October	126.5-128.5	+0.50	—

Sales: 105 (187) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $175.80 (£105.80), up $2.20 (up 20p) a tonne for October-November delivery. White sugar $190.00, up $1.20.

	Yesterd's close	Previous close	Business done
	$ per tonne		
No. 6 Raws			
Dec	155.2-156.2	156.0-157.2	158.6-156.4
Mar	166.2-168.2	167.6-167.2	169.8-168.0
May	168.2-169.5	170.0-170.6	172.6-168.8
Aug	172.0-172.4	172.8-173.8	175.4-172.2
Oct	175.0-175.2	175.6-175.8	177.0-175.0
Dec	177.8-178.4	178.8-178.4	—
Mar	185.0-186.0	181.8-189.2	—
No. 5 Whites			
Dec	1898.-196.9	189.8-190.0	191.5-190.0
Mar	197.3-198.4	197.8-197.8	199.4-197.8
May	201.5-203.0	201.5-202.0	203.5-202.6
Aug	219.5-207.0	205.3-207.0	208.5-207.5
Oct	209.0-208.8	208.0-210.0	210.8
Dec	210.0-215.0	212.0-216.0	213.0
Mar	218.0-219.8	215.0-217.0	—

Sales: No 6 2,486 (1,089) lots of 50 tonnes; No 5 1,474 (865).

Tate and Lyle delivery price for granulated basis sugar was £211.00 (same) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for October 14: Daily price 6.58 (same); 15-day average 6.25 (6.20).

PARIS—Whites (FFr per tonne): Dec 1144/1146, March 1193/1195, May 1224/1225, Aug 1254/1255, Oct 1264/1275, Dec 1275/1293.

RUBBER

PHYSICALS—Closing prices (buyers): Spot 68.00p (68.50p); Nov 67.50p (68.00p); Dec 67.75p (68.25p). The Kuala Lumpur fob prices (Malay/Singapore cents per kg) were: RSS No 1 266.0 (same); SMR 20 254.5 (same).

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to slip

THE DOLLAR fell sharply in currency markets yesterday in reaction to disappointing US trade figures. Its losses in early European trading had been fairly modest because there was a reluctance to test lower support levels for fear of attracting central bank intervention.

Nevertheless the US unit eased gently during the morning before being marked down more sharply as US centres joined the market. Traders were very bearish about the dollar and the prospect of an eary rise in the US discount rate failed to have any impact.

Central banks were not active but continued to try and flex their muscles without actually committing funds. Dealers suggested that intervention today would have achieved little, which was seen as a tacit concession by the 67 banks to allow the dollar to slip a little as long as the decline remained orderly.

The dollar closed at DM 1.8005 down from DM 1.8120 on Wednesday but up from a low of DM 1.7920. Against the yen it slipped to Y142.10 from Y142.65. Elsewhere it finished at SFr 1.4895 from SFr 1.5020 and FFr 6.01 compared with FFr 6.0350. On Bank of England figures, the dollar's exchange rate index fell from 100.5 to 100.0.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. September average $1.6456. Exchange rate index 73.5 against 73.5 at the opening and 73.3 on Wednesday. The six months ago figure was 72.1.

Sterling rose against the weak dollar but stayed below the DM 3.00 level as the Bank of England continued to exert pressure without actually intervening. Dealers suggested that the Bank was having to perform a fine juggling act because its attempts to keep sterling below DM 3.00 would ultimately make a mark on the growth in money supply and together with higher rates in the US and West Germany this would put additional upward pressure on UK base rates which in turn would add to sterling's attraction.

Figures released yesterday included a record fall in UK unemployment and average earnings figures in line with expectations. These added to sterling's firm undertone.

The pound closed at $1.6645 from $1.6535 and DM 2.9975 compared with DM 2.9950. It was also higher against the yen at Y236.50 from Y235.75. Elsewhere it finished at SFr 2.48 from SFr 2.4825 and FFr 10.0025 from FFr 9.9800.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690, September average 1.8122. Exchange rate index 146.8 against 146.6 six months ago.

The Bundesbank stayed on the sidelines at the fixing in Frankfurt yesterday when the dollar was fixed at DM 1.8014 from DM 1.8228 on Wednesday. Trading in European centres was subdued because there was a reluctance to test the resolve of central banks before the entry of New York.

In addition there was a reluctance to push the dollar below chart levels where there was expected to be some resistance.

JAPANESE YEN-Trading range against the dollar in 1987 is 159.45 to 138.35. September average 143.19. Exchange rate index 223.0 against 224.4 six months ago.

Disappointment in Wednesday's US trade figures pushed the yen firmer against the dollar in Tokyo. However, there was good buying seen as the US unit hit the day's lows so that although down from Wednesday, it finished off the bottom at Y142.10 against Y142.30 in New York and Y143.95 in Tokyo on Wednesday.

£ IN NEW YORK

Oct. 15	Latest	Previous Close
£ Spot	1.6455-1.6465	1.6575-1.6585
1 month	0.26-0.24pm	0.26-0.25pm
3 months	0.44-0.40pm	0.53-0.50pm
12 months	1.42-1.32pm	1.52-1.42pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Oct. 15	Previous
8.30 am	73.5	73.3
9.00 am	73.5	73.3
10.00 am	73.5	73.3
11.00 am	73.4	73.3
Noon	73.5	73.3
1.00 pm	73.4	73.3
2.00 pm	73.5	73.3
3.00 pm	73.5	73.3
4.00 pm	73.5	73.3

CURRENCY RATES

Oct. 15	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	—	0.782924	0.692803
U.S. Dollar	6	1.28791	1.15317
Canadian $	8.75	1.68175	1.49947
Austrian Sch.	4	16.5149	14.6049
Belgian Franc	7¼	48.5423	43.3160
Danish Krone	7	9.00313	7.96555
[illegible]	[illegible]	[illegible]	[illegible]

*SDR rates for Oct. 14.

CURRENCY MOVEMENTS

[illegible]

All Morgan Guaranty changes: % Are for Oct. 14

OTHER CURRENCIES

Oct. 15	£	$
[illegible]	[illegible]	[illegible]
Iran	118.10*	71.00*
Korea(Sth)	1329.20-1341.20	802.00-808.60
Kuwait	0.46620-0.46640	0.28010-0.28020
Luxembourg	62.45-62.55	62.85-62.95
Malaysia	4.2050-4.2160	2.5370-2.5380
Mexico	2678.35-2678.85	1607.00-1608.00
N. Zealand	2.5645-2.5720	1.5410-1.5445
Saudi Ar.	6.2420-6.2470	3.7500-3.7510
Singapore	3.4885-3.4915	2.0910-2.0920
S. Af. (Cm)	3.4100-3.4230	2.0460-2.0505
S. Af. (Fn)	5.4610-5.6465	3.2785-3.3900
Taiwan	49.60-49.85	29.95-30.05
U.A.E.	6.1130-6.1800	3.6725-3.6735

*Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Oct. 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.3160	+2.02	+1.23	±1.5344
Danish Krone	7.85212	7.96553	+1.44	+0.65	±1.6404
German D-Mark	2.05853	2.07548	+0.82	+0.03	±1.0981
French Franc	6.90403	6.92998	+0.38	−0.41	±1.3674
Dutch Guilder	2.31943	2.33529	+0.68	−0.11	±1.5012
Irish Punt	0.768411	0.773525	+0.67	−0.12	±1.6684
Italian Lira	1,483.58	1499.70	+1.09	+0.74	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

[illegible]

Belgian rate is for convertible francs. Financial franc 62.85–62.95. Six-month forward dollar 0.90–0.85c pm. 12-month 1.40–1.30c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

Oct. 15	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.601	1.	1.801	142.1	6.010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.334	0.555	1.	78.90	3.337	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	4.228	7.038	12.67	1000.	42.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	1.000	1.664	2.997	236.4	10.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.403	0.671	1.209	95.36	4.033	1.	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	0.297	0.494	0.889	70.13	2.966	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.462	0.769	1.384	109.2	4.629	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.461	0.768	1.383	109.1	4.615	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.600	2.663	4.796	378.4	16.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Record volume on Liffe

LONG TERM gilt futures, and bond prices in general, fell in hectic trading on the London International Financial Futures Exchange yesterday.

Total futures and options trading was a record 115,000, compared with the previous peak of 101,510 on April 14. Overall futures volume was a record 102,000, against 93,471 on April 14.

Gilts futures declined to 10-month lows, as US Treasury bonds came under pressure on fears that the wide US trade deficit will lead to a continuing weakness of the dollar and higher interest rates.

Better than expected UK economic news provided only limited support. The underlying rise in UK average earnings in the year to August was unchanged at 7.75 per cent, while September UK unemployment fell a record 53,800 to 2.77m.

The next important figure for the market will be today's UK public sector borrowing requirement for September. This is expected to be about £750m, according to a survey by Money Market Services.

December gilts opened at 113-16, near the day's high of 113-19, and fell to a low of 112-03, before closing at 112-24, compared with 113-27 on Wednesday.

US Treasury bond futures opened weaker on Liffe, after sharp falls in Chicago overnight in reaction to the disappointing US trade figures.

US markets opened on a depressed note again yesterday, with the 30-year bond yield rising to almost a two-year high of 10.36 per cent in Ney York cash trading.

US Treasury bonds for December delivery opened at 78-07 on Liffe, and touched 76-25, before closing at 77-30, against 79-00 previously.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
106	6.53	7.33	0.05	0.39
108	4.60	5.61	0.12	1.03
110	3.13	4.36	0.29	1.42
112	1.54	3.20	1.06	2.26
114	0.59	2.22	2.11	3.28
116	0.24	1.38	3.40	4.44
118	0.11	1.03	5.27	1.09
120	0.04	0.42	7.20	7.48

Estimated volume total, Calls 6,114 Puts 5,681
Prev. day's open int: Calls 29,733 Puts 21,782

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
76	3.06	3.33	1.10	2.21
78	1.46	2.34	1.50	3.22
80	0.53	1.49	2.57	4.37
82	0.24	1.12	4.28	6.00
84	0.10	0.49	6.14	7.37
86	0.03	0.31	8.07	9.19
88	0.01	0.19	10.05	11.07
90	0.00	0.11	12.04	12.63

Estimated volume total, Calls 163 Puts 278
Previous day's open int: Calls 1,682 Puts 1,384

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Oct.	Calls—Last Nov.	Puts—Last Oct.	Puts—Last Nov.
22750	6.58	8.79	0.68	2.89
23000	4.70	7.23	1.30	3.83
23250	3.15	5.85	2.25	4.95
23500	1.97	4.65	3.57	6.25
23750	1.13	3.64	5.23	7.74
24000	0.60	2.80	7.20	9.40
24250	0.29	2.11	9.39	11.21
24500	0.13	1.56	11.73	13.16

Estimated volume total, Calls 9 Puts 10
Previous day's open int: Calls 170 Puts 191

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

[illegible]

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]

LIFFE-EURODOLLAR OPTIONS

$1m points of 100%

[illegible]

LONDON

20-YEAR 12% NOTIONAL GILT

£50,000 32nds of 100%

[illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT BOND Y100m 100ths of 100%

[illegible]

THREE-MONTH STERLING

£500,000 points of 100%

[illegible]

FT-SE 100 INDEX

£25 per full index point

[illegible]

THREE-MONTH EURODOLLAR

$1m points of 100%

[illegible]

U.S. TREASURY BONDS 8%

$100,000 32nds of 100%

[illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

[illegible]

IMM—STERLING $e per £

[illegible]

LIFFE—STERLING £25,000 $ per £

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%

$100,000 32nds of 100%

[illegible]

U.S. TREASURY BILLS (IMM)

$1m points of 100%

[illegible]

SWISS FRANC (IMM)

SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Dec.	0.6781	0.6788	0.6750	0.6743
Mar.	0.6858	0.6864	0.6832	0.6817
Jun.	0.6935	0.6935	0.6905	0.6887

JAPANESE YEN (IMM)

Y12.5m $ per Y100

[illegible]

DEUTSCHE MARK (IMM)

DM125,000 $ per DM

[illegible]

THREE-MONTH EURODOLLAR (IMM)

$1m points of 100%

[illegible]

STANDARD & POORS 500 INDEX

$500 times index

	Latest	High	Low	Prev.
Dec.	302.30	303.35	301.00	304.80
Mar.	306.00	306.90	304.55	308.80
Jun.	—	310.50	308.30	311.65
Sept.	313.20	318.30	311.50	315.00

MONEY MARKETS

Pressure grows on interest rates

INTEREST RATES rose on the London money market yesterday, as fears grew about the general situation around the world.

The latest US trade figures have led to sharp falls in international bond prices, in expectation that the US Federal Reserve will tighten its monetary policy and increase the US discount rate.

There has also been recent speculation that the Bank of Japan is likely to raise its discount rate from 2.5 per cent, in spite of the recent denial from Mr Satoshi Sumita, Governor of the Bank of Japan.

UK clearing bank base lending rate 10 per cent since August 7

A tightening of West German monetary policy, against a background of above target money supply growth, and nervousness about political events, has resulted in higher interest rates in Frankfurt.

On the London money market three-month interbank closed at 10½-10⅜ per cent, compared with 10¼-10⅛ per cent on Wednesday.

The Bank of England initially forecast a money market shortage of £550m, but revised this to £700m at noon, and back to £650m in the afternoon.

Total help of £517m was provided. Before lunch the authorities bought £118m bank bills in band 4 at 9⅞ per cent.

In the afternoon another £109m bills were bought, by way of £96m bank bills in band 1 at 9⅞ per cent and £13m bank bills in band 2 at 9⅞ per cent.

Late assistance of around £290m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £39m, with a rise in the note circulation absorbing £50m, and Exchequer transactions £560m.

In New York the US Federal Reserve intervened unusually early to add money market liquidity. It was generally expected the central bank would provide funds for the market, but the timing suggested concern to calm the growing mood of nervousness.

The Fed added liquidity to the banking system, via overnight system agreements, when Federal Funds were trading at 7.75 per cent, compared with Wednesday's average of 7.59 per cent.

In Frankfurt call money was unchanged at 3.90 per cent in nervous trading, as Mr Gerhard Stoltenberg, West German Finance Minister, and Mr Karl Otto Poehl, President of the Bundesbank, clashed on their views about a planned 10 per cent withholding tax on investment earnings.

Mr Poehl warned of higher interest rates, as German share and bond prices fell sharply.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

NEW YORK (Lunchtime)

[illegible]

[illegible]

LONDON MONEY RATES

[illegible]

Company Notices

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, October 14, 1987. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America Global Trading, London,
New York, Tokyo, San Francisco, Los Angeles, Toronto.
24-hours a day trading capability.
Enquiries: 01-634 4360/5. Dealing: 01-236 9861.

ECU=$US1.13978 SDR1=$US1.28797
As of October 14, at 11.00 a.m.

	3 months	6 months
Eurodollar Libor:	8⅞	8¹⁵⁄₁₆
Sibor:	8⅞	9

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60	Gibraltar	Pound*	1.6448	Papua New Guinea	Kina	0.8889
Albania	Lek	6.1406	Greece	Drachma	139.90	Paraguay	Guarani (p)	320.00
Algeria	Dinar	4.67	Greenland	Danish Krone	6.9915		Guarani (d)	550.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY OCTOBER 15 1987					WEDNESDAY OCTOBER 14 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (91)	165.39	−0.9	147.32	150.98	2.60	166.95	149.69	153.68	180.81	99.92	89.47
Austria (16)	101.76	+0.3	90.64	95.19	2.17	101.45	90.96	95.49	102.87	85.53	96.46
Belgium (48)	120.75	−2.5	107.56	112.57	4.21	123.90	111.09	115.65	134.89	96.19	89.65
Canada (129)	129.00	−1.2	114.90	121.48	2.46	130.51	117.02	123.42	141.78	100.00	97.67
Denmark (38)	121.29	−0.5	108.03	113.99	2.57	121.85	109.26	115.06	124.83	98.18	98.35
France (122)	99.08	−3.3	88.25	93.41	2.95	102.50	91.90	97.03	121.82	98.39	93.90
West Germany (93)	99.03	−1.5	88.20	92.70	2.04	100.52	90.13	94.69	104.93	84.00	94.87
Hong Kong (46)	152.46	−0.2	135.80	152.74	3.18	152.83	137.03	153.18	158.68	96.89	89.09
Ireland (14)	156.26	−2.1	139.18	147.77	3.03	159.65	143.15	151.64	160.22	99.50	80.75
Italy (95)	96.70	+1.3	86.13	93.96	2.01	95.45	85.58	93.13	112.11	84.22	104.63
Japan (458)	151.51	−0.8	134.95	136.09	0.50	152.71	136.92	137.70	161.28	100.00	93.25
Malaysia (36)	176.38	−0.5	157.10	172.37	2.12	177.20	158.88	172.83	193.64	98.24	97.40
Mexico (14)	364.35	−5.4	324.53	640.37	0.47	385.01	345.21	676.25	422.59	99.72	76.49
Netherland (37)	118.79	−1.5	105.80	109.84	4.06	120.54	108.08	112.13	131.41	99.65	96.25
New Zealand (23)	129.33	+0.1	115.20	105.95	2.78	129.15	115.80	107.33	138.99	83.93	79.46
Norway (24)	179.32	−1.0	159.72	160.52	1.69	181.10	162.38	162.67	185.01	100.00	103.71
Singapore (27)	169.65	−0.2	151.11	163.51	1.51	170.04	152.46	164.12	174.28	99.29	102.99
South Africa (61)	187.78	+0.2	167.26	136.85	3.06	187.44	168.07	136.60	198.09	100.00	99.83
Spain (43)	163.56	−0.2	145.69	146.40	2.71	163.90	146.95	149.06	168.81	100.00	98.73
Sweden (34)	134.67	−1.1	119.95	126.30	1.81	136.20	122.12	128.24	136.64	90.85	99.08
Switzerland (53)	110.14	−0.8	98.10	101.71	1.62	111.00	99.52	103.36	111.11	92.01	96.05
United Kingdom (335)	158.41	−0.2	141.10	141.10	3.19	158.73	142.32	142.32	162.87	99.65	92.97
USA (584)	121.97	−2.3	108.63	121.97	3.04	124.88	111.97	124.88	137.42	100.00	99.62
Europe (952)	127.21	−0.7	113.30	116.47	2.84	128.14	114.90	118.09	130.02	99.78	95.26
Pacific Basin (681)	151.95	−0.8	135.34	136.94	0.68	153.13	137.30	138.56	158.77	100.00	92.95
Euro–Pacific (1633)	142.11	−0.8	126.58	128.78	1.45	143.19	128.39	130.40	143.65	100.00	93.87
North America (713)	122.34	−2.3	108.97	121.96	3.00	125.18	112.24	124.82	137.55	100.00	99.51
Europe Ex. UK (617)	107.80	−1.2	96.02	101.03	2.52	109.14	97.86	102.92	111.97	98.02	96.69
Pacific Ex. Japan (223)	157.63	−0.6	140.40	147.67	2.73	158.54	142.16	149.36	164.03	99.92	89.44
World Ex. US (1837)	142.27	−0.8	126.72	128.92	1.51	143.37	128.55	130.54	143.38	100.00	94.04
World Ex. UK (2086)	132.04	−1.5	117.60	125.10	1.91	133.98	120.13	127.29	138.82	100.00	96.52
World Ex. So. Af. (2360)	134.04	−1.3	119.39	126.48	2.03	135.85	121.81	128.59	139.47	100.00	96.18
World Ex. Japan (1963)	126.20	−1.6	112.41	121.78	2.93	128.29	115.03	124.12	134.22	100.00	97.62
The World Index (2421)	134.39	−1.3	119.70	126.59	2.04	136.18	122.11	128.69	139.73	100.00	96.20

Base values: Dec 31, 1986 = 100

Amendments to indices for October 14 applied to the following: Denmark, France, Spain, Sweden, Europe, Euro-Pacific, Europe Ex. UK, World Ex. US, World Ex. UK, World Ex. South Africa, World Ex. Japan and The World Index.

EUROPEAN OPTIONS EXCHANGE

Series		Nov 87 Vol.	Nov 87 Last	Feb 88 Vol.	Feb 88 Last	May 88 Vol.	May 88 Last	Stock
GOLD C	$460	402	13.90	194	27	—	—	$465.90
GOLD C	$480	498	3.70	95	18	—	—	"
GOLD C	$500	145	2.20	14	10.80	54	20	"
GOLD P	$440	—	—	10	5.50	4	7	"
GOLD P	$460	125	6	2	10.50B	—	—	"
GOLD P	$480	350	21	1	22.50	—	—	"
		Dec. 87		March 88		June 88		
SILVER C	$800	39	50	—	—	—	—	$789
SILVER C	$850	57	25	—	—	—	—	"
SILVER C	$900	2	15	10	50	—	—	"
SILVER P	$800	19	50	—	—	—	—	"
		Oct. 87		Nov. 87		Dec. 87		
$/FL C	FL195	15	7.90	325	7.30	2	7.30	FL202.58
$/FL C	FL200	31	2.40	—	—	114	3.50	"
$/FL C	FL205	13	0.05	36	1	136	1.50	"
$/FL C	FL210	—	—	20	0.50	20	0.60	"
$/FL P	FL195	—	—	30	0.70	14	1.20	"
$/FL P	FL200	32	0.05	279	2.10	76	2.50	"
		Mar. 88		June 88		Sep. 88		
$/FL C	FL205	—	—	16	3.70	7	4.30	FL202.58
$/FL C	FL210	—	—	12	2.50	—	—	"
$/FL P	FL195	—	—	15	4.70	—	—	"
$/FL P	FL200	43	4.80	—	—	24	8.80B	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	FL48	—	—	980	1	93	2.30	FL42.80
ABN P	FL46	6118	3.30B	692	3.60	223	4	"
AEGON C	FL85	129	0.10	252	4	1	7	FL83.50
AGEON P	FL80	47	0.30	182	2	60	4.20	"
AHOLD C	FL105	—	—	54	3	25	4.90	FL97.70
AHOLD P	FL100	483	2.50B	331	6	2	7	"
AHOLD C	FL100	10	0.40	—	—	—	—	"
AHOLD P	FL100	34	2.50	10	6.50	—	—	"
AKZO C	FL170	1006	0.10	1296	6.90	897	10.50B	FL163.40
AKZO P	FL170	2533	6.50	882	11.50	439	13.50	"
AMEV C	FL60	—	—	102	2.40	20	3.70A	FL57
AMEV P	FL60	121	3.20	101	4.90	52	5.40	"
AMRO C	FL75	272	3	67	6	17	7.50	FL77.20
AMRO P	FL80	673	2.60	146	4.50	13	5.50	"
ELSEVIER C	FL65	407	0.10	147	1.20	31	3	FL55
ELSEVIER P	FL60	482	5.20	109	7.20	215	7.50B	"
GIST-BROC. C	FL50	333	0.10	363	1.70	33	3.50	FL46.30
GIST-BROC. P	FL45	373	0.30	171	1.40	—	—	"
HEINEKEN C	FL170	—	—	87	7.50	13	11	FL166.30
HEINEKEN P	FL170	923	4.20	158	8.50	412	10.20	"
HOOGOVENS C	FL50	—	—	372	1.80	52	3.50	FL44.80
HOOGOVENS P	FL45	2238	0.70	313	3.20B	26	4.20	"
KLM C	FL50	1452	0.10	952	2.70	71	3.80	FL46.50
KLM P	FL50	1418	3.30	903	5	133	5.50	"
NEDLLOYD C	FL210	—	—	190	3.70	—	—	FL185.50
NEDLLOYD P	FL180	136	0.30	122	7	5	11.80	"
NAT.NED. C	FL70	64	0.10	275	3	57	4.70B	FL68.10
NAT NED P	FL65	154	0.30	793	2.10	5	3	"
PHILIPS C	FL50	1584	0.30	875	2.70	261	3.90	FL49.10
PHILIPS P	FL50	3583	1	1721	3.10	434	4.30	"
ROYAL DUTCH C	FL260	1181	0.20	494	9	35	14.20	FL253.20
ROYAL DUTCH P	FL260	3049	6.50B	1187	10.50	733	14	"
ROBECO C	FL100	12	8.50	2	11	—	—	FL108.10
ROBECO P	FL105	—	—	116	2.50A	3	3.50	"
UNILEVER C	FL136	575	0.10	1310	5	—	—	FL126.50
UNILEVER P	FL128	1280	2.50	888	6.50	—	—	"

TOTAL VOLUME IN CONTRACTS: 141,740

A=Ask B=Bid C=Call P=Put

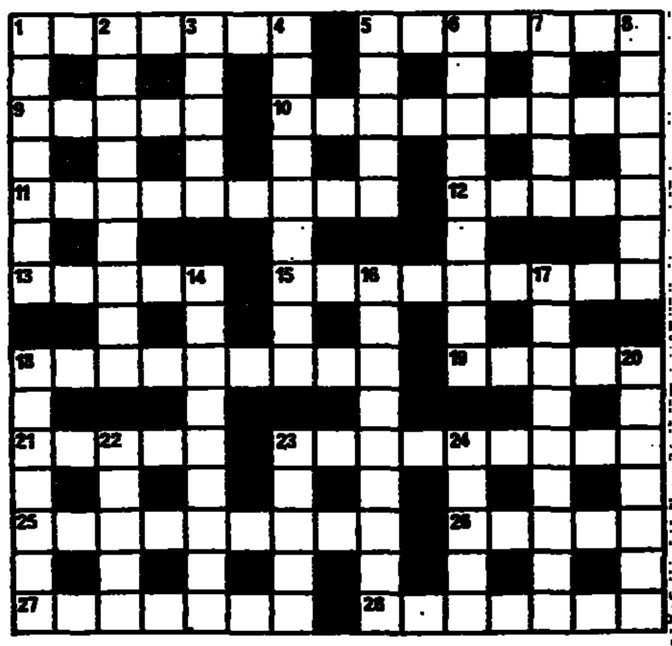
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd.	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk.	10	Consolidated Cred.	10	Provincial Trust Ltd.	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe Guarantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'l Tst C'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd.	10½	Smith & Williams Secs	10
Banco de Bilbao	10	Financial & Gen. Sec.	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp.	11	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd.	11	UDT Mortgage Exp.	¶11
Bank Credit & Comm	10	● Robert Fleming & Co.	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs.	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank. Corp.	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst.	10		
Beneficial Trust Ltd.	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co.	10		
Brit. Bk of Mid East	10	Hongkong & Shangh.	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst.	10	Meghraj & Sons Ltd.	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd.	10	Mount Credit Corp. Ltd.	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Savewise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 11.125%.

FT CROSSWORD PUZZLE No. 6,457

CINEPHILE



If (as often in crosswords) "love" is represented by 0, then all the across solutions have love in their hearts.

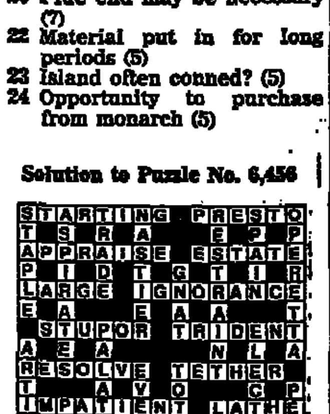
ACROSS

1 A coin is minted in Cyprus (7)
5 Give shrift to sailor to do puzzle (7)
9 Fish for giant or dwarf (5)
10 Raise pony in exchange for old bird (9)
11 Coppers take to girl as usual (9)
12 Familiar present in Cayenne, as they say (5)
13 Horse doctor? Rubbish! (5)
15 Don't start to write poems: change and delay (9)
18 Painter's two beasts swallowing one musical instrument (9)
19 God's point with point (5)
21 Included in a day in silver (5)
23 Transport hit by case of fireworks? (9)
25 Everyone's in debt when bird's about at end of month (9)
26 Property of Smith of Birkenhead on holiday (5)
27 Italian birds with no inside (7)
28 First love: look back for a squirt (7)

DOWN

1 Saw for plain cake? (7)
2 Is this uttered in anger? (9)
3 Shots on reservation? (5)
4 Having wings, pour fat in: it can be sculptured (9)
5 Ask for job that's fruity? (5)
6 Keep wine near Manchester (9)
7 Student in attempt to give tongue (5)
8 Old ascetic holds number in being (7)
14 White bird has a ball with a berry (4-5)
16 Notes for compiler: old bird's swallowed currency (9)
17 Press go to the other side for a medal (4, 5)
18 Bad driver turned up or else had to go up (4, 3)
20 Flue end may be necessary (7)
22 Material put in for long periods (5)
23 Island often conned? (5)
24 Opportunity to purchase from monarch (5)

Solution to Puzzle No. 6,456



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers—Contd.

Gilt	83.1	88.5	-0.4	7.97
(Accum Units)	104.7	105.2	-0.5	7.97
Growth Fund	54.1	57.5	-0.7	0.64
(Accum Units)	54.1	57.5	-0.7	0.64
High Income Fund	56.0	59.2	-2.4	4.59
(Accum Units)	57.5	60.8	+0.1	4.52
High Interest Fund	42.5	44.7	—	9.27
(Accum Units)	43.5	46.0	—	9.27
Income	132.6	140.3	-1.2	2.60
(Accum Units)	153.0	161.9	-1.4	2.60
International	309.0	326.9	-4.5	1.86
(Accum Units)	386.4	409.0	-5.7	1.86
Japan	217.7	230.3	-3.1	0.52
(Accum Units)	223.4	236.4	-3.2	0.52
Pacific Fund	60.4	64.1	-0.8	0.10
(Accum Units)	60.6	64.1	-0.8	0.10
Recovery	329.9	350.4	-3.9	2.26
(Accum Units)	372.1	393.7	-3.6	2.26
UK Smaller Co's Fund	59.4	62.8	-0.5	1.56
(Accum Units)	60.0	63.4	-0.5	1.56

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin Oct 14	670.5	680.35	—	0.99

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ 0707 45184

UK Income Fund	67.2	71.4	-0.6	4.20
Accum Units	67.8	72.1	-0.7	4.16
UK Growth Fund Acc	67.7	72.0	-0.7	1.99
Global Income Fund	50.3	53.5	-0.8	3.74
Accum Units	50.5	53.5	-0.8	3.74
Global Growth Fund	51.1	54.3	-1.5	0.46

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	136.7	145.1	-1.3	1.05
(Accum Units)	188.8	200.4	-1.8	1.05
Commodity & Gen	194.9	206.8	-2.7	1.51
(Accum Units)	278.3	295.1	-3.8	1.31
European Growth	133.7	141.9	-0.4	0.98
(Accum Units)	161.3	171.2	-0.5	0.98
Extra High Inc	75.8	80.5	-0.4	6.79
(Accum Units)	94.3	100.1	-0.5	6.79
Gilt & Fxd. Inc	51.5	53.8	-0.4	8.68
(Accum Units)	91.4	95.5	-0.7	8.68
High Yield	294.9	299.5	-3.8	3.88
(Accum Units)	419.7	440.3	-3.1	3.88
Income	260.6	276.6	-3.2	2.69
(Accum Units)	442.1	469.1	-5.5	2.69

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 9963

PM Equity Growth	127.1	135.3	-1.2	0.95
PM Income and Growth	108.1	115.0	-0.4	2.88
PM N American Growth	53.9	57.3	-2.3	0.35
PM European Growth	52.6	55.9	+0.1	0.56
PM Japan Growth	73.3	77.9	—	0.35
PM Overseas Growth	54.6	58.0	-1.3	0.43

Prudential Holborn Unit Trusts Ltd(a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst	85.9	90.8	-1.0	0.34
Holborn Equity Income	79.3	83.5	-0.7	3.07
Holborn Equity Tst	615.1	650.0	-7.0	2.08
Holborn European Tst	127.7	135.1	-0.5	0.61
Holborn Gilt Tst	207.9	216.2	-1.7	2.20
Holborn High Inc Tst	93.4	98.8	-0.5	4.37
Holborn Intl Grth Tst	125.7	133.0	-2.5	0.66
Holborn Intl Sm Cos	48.2	51.0	-0.6	0.05
Holborn Japanese Tst	145.0	153.4	-1.3	0.04
Holborn N. Amer. Tst	91.8	97.1	-2.8	0.50
Holborn Sm Cos Tst	86.2	91.3	-0.5	1.28
Holborn Spec Sits Tst	114.1	120.7	-1.1	1.22
Holborn UK Growth Tst	122.5	129.6	-1.6	1.64

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	692.8	733.2	—	2.55
Quadrant Income	353.9	374.6	—	3.53
Quadrant Intl. Fund	461.1	490.0	—	1.05
Quadrant Spec. Sit	495.4	524.3	—	1.11

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	250.8	266.7	-4.3	2.86
Reliance Unit Tst (Inc)	179.4	190.7	-2.1	1.38
Reliance UK Tst (Acc)	242.5	257.8	-2.8	1.38

Ronsburg Fund Managers
Stillhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Interest, Growth Trust	51.2	53.9	—	—

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2981/6

NC America (Inc)	312.3	332.2	-9.7	0.69
NC America (Acc)	344.6	366.5	-10.7	0.69
NC Inc Fd	133.2	140.6	-1.7	3.29

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance—Contd.

Gilt Edged Int.	224.8		..	—
Do. Accum	277.6		...	—
Guaranteed Int.	159.4		..	—
Do. Accum	196.9		...	—
International Int.	507.0		..	—
Do. Accum	625.6		..	—
Index Lk. Gilt Int.	128.8		..	—
Do. Accum	159.0		..	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	322.7	+0.7	—
Property Pens.	438.1	+1.1	—
Equity	209.3	-0.8	—
Equity Pens.	940.5	-6.1	—
Money Market	296.7	-1.3	—
Money Mkt. Pens.	535.7	-2.1	—
Deposit	240.5	+0.1	—
Deposit Pens.	386.1	+0.2	—
Managed	308.3	-0.8	—
Managed Pens.	482.7	-2.0	—
Intl. Equity	361.9	-2.0	—
Do. Pens.	591.2	-4.5	—
Intl. Managed	331.7	-1.6	—
Do. Pens.	497.6	-3.5	—
North American	129.3	-2.4	—
Do. Pens.	146.8	-4.0	—
Far East	305.6	+0.7	—
Do. Pens.	456.2	+1.5	—
Intl. Currency	168.4	-0.7	—
Do. Pens.	217.0	-1.2	—
Index Linked	120.9	+0.5	—
S & C Managed Fd	142.7	+0.0	—
S & C Pens Mngd Fd	117.0	+0.0	—
Bell Chambers	131.2	-0.7	—
Lavan & Lavan	122.9	.....	—
Milton Mngd Fnd.	162.2	+0.6	—
Tradlink Life Funds			
Per Worldwide Rec.	179.8	+0.4	—
Per Far East Growth	222.3	-2.7	—
Per Intl Growth	167.5	+0.7	—
Per Income	179.3	-6.2	—
Per Emerging Co's	164.2	+0.5	—
Per American Growth	140.8	-5.5	—

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds				
Managed Fund	58.1	61.2	-0.4	—
Stock Market Mngd Fund	59.9	63.1	-0.8	—
Equity Fund	65.5	69.0	-0.7	—
International Fund	55.2	58.2	-1.0	—
European Fund	58.5	61.6	-0.6	—
North American Fund	48.7	51.3	-1.3	—
Pacific Fund	66.4	69.9	-0.4	—
Property Fund	53.0	55.8	+0.1	—
Fixed Interest Fund	47.7	50.3	-0.6	—
Index linked Sec Fund	44.1	46.5	-0.1	—
Deposit Fund	51.7	54.5	—	—
NUAM Retirement Plans				
Mixed Fund	63.1	66.5	-0.5	—
UK Ordinary Share	77.3	81.4	-0.5	—
International Fund	56.8	59.8	-0.7	—
Property Fund	53.0	55.8	.....	—
Fixed Interest Fund	49.9	52.6	-0.2	—
Index Linked Sec Fund	44.8	47.2	+0.2	—
Deposit Fund	53.8	56.7	—	—
NUAM (DF)				
Managed Fund	800.3	842.5	-4.5	—
Equity Fund	1755.5	1847.9	-22.0	—
Property Fund	329.5	346.9	+0.5	—
Fixed Interest Fund	351.6	370.2	-4.9	—
Deposit Fund	211.3	222.5	—	—
International Fund	143.4	151.0	-2.6	—
Index Linked Sec Fund	44.2	46.6	-0.1	—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

Pensionmaster* & Unit-Linked Plus*				
Fixed Interest Fund	250.8	264.0	.....	—
Index-Linked Sec Fund	126.4	133.0	.....	—
Ordinary Share Fund	565.0	594.7	.....	—
International Fund	147.3	155.0	.....	—
Property Fund	164.1	172.7	.....	—
Deposit Fund	168.5	177.3	.....	—
Mixed Fund	353.9	372.5	.....	—
Norwich Units Sep 15		1018.4		—

*Prices as at June 30.

Provincial Life Assurance Co Ltd
Stramongate, Kendal, Cumbria LA9 4BE

Managed Fd	603.3
Cash Fd	210.5
Property Fund	228.8
Equity Fund	720.1
Fxd. Int. Fund	277.9
International	334.2
High Income	517.2
Far East	476.7
North American	250.0
Special Sits.	698.5
Technology	295.9
Extra Inc Fd.	294.4
Convertible & Gilt Fd	169.4
American Income	113.1
Gilt Fund 20	272.5
European Fund	106.7
Managed Pens. Acc.	565.5
Deposit Pens. Acc.	207.6
Property Pens. Acc.	219.6
Fix. Int. Pens. Acc.	324.5
Equity Pens. Acc.	789.9
International Pens Acc.	301.7
High Inc Pens Acc.	520.1
Tech Pens Acc.	194.8
N American Pens Acc	177.7
Far Eastern Pens Acc.	458.1
Special Sits Pens Acc.	552.5
Extra Income Pens Fd.	329.8
Convertible & Gilt Pen	180.5
American Inc Pens	125.8
European Pens	119.1
Broker Funds	
KSA Managed Fund	167.5
McKeown Mngd Fund	174.2
Acorn Managed Fund	184.7
Portfolio 2000	177.5
Allied Anglo Mngd Fd.	149.4
Brian Foster Mngd. Fds.	150.3
Archer Managed	143.7
Burton Intnl Managed	124.2
BFP PR Inv Port.	124.0
Chippendale	112.8
Do Bars Flexible In Bd.	110.2
Hasso HIB W'wide Por.	115.7

Pearl Assurance (Unit Funds) Ltd

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	1987 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
101¾	100⅛	Treas. 12pc 1987	100⅛xd	.....	—	—
99⅞	97⅞	Treas 7¾pc 1985-88‡‡	99⅜	–⅛	7.79	9.20
102¼	99⅞	Exch 10½pc '88	100⅛xd	–⅛	10.48	10.19
101¾	98⅞	Treas 9¾pc Cv '88	99⅞	–⅛	9.78	10.17
97⅛	93⅛	Transport 3pc '78-88	96⅜	–⅛	3.10	7.87
101⅝	98⅛	Treas. 9½pc '88	99½xd	–⅛	9.56	10.17
105⅜	101⅛	Treas 11½pc 1989	101⅜	–⅛	11.34	10.25
102⅛	97⅞	Treas 9½pc Cnv 1989	98⅞xd	–⅛	9.60	10.25
94⅞	89¾	Treas 3pc 1989	93⅛xd	–⅛	3.22	7.57
104⅝	99⅞	Treas 10½pc 1989	100½	–⅛	10.49	10.38
103⅛	98½	Exch 10pc 1989	99⅛	–⅛	10.06	10.35
105⅝	100⅛	Exch 11pc 1989	101⅛	–⅛	10.88	10.38
95⅞	89⅛	Treas 5pc 1986-89	92⅞xd	–⅛	5.37	8.80
108⅛	99⅞	Exch 10¼pcCv '89	100⅞xd	–⅛	10.21	10.08
111⅛	105	Treas 13pc 1990‡‡	105⅛	–⅛	12.34	10.23
106½	100⅞	Exch 11pc 1990‡‡	101⅛	–⅛	10.86	10.33
110⅛	104¼	Exch. 12½pc 1990	104⅞xd	–⅛	11.96	10.33
91⅞	84½	Treas. 3pc 1990	88⅛xd	–⅛	3.38	7.91
100⅛	93⅞	Treas 8¼pc 1987-90‡‡	95⅛	–⅛	8.62	10.09
105	97½	Treas. 10pcCv 1990	99⅛xd	–⅛	10.10	10.36
89⅞	81⅛	Exch 2½pc 1990	85⅞	–⅛	2.91	7.70
110⅛	102⅞	Treas 11¾pc 1991	103⅞	–⅛	11.35	10.40
95⅛	87¼	Funding 5¾pc '87-91‡‡	89⅛xd	–⅛	6.43	9.40
89⅛	80¼	Treas. 3pc 1991	84⅛xd	–⅛	3.54	7.99
110¼	99	Treas 10pc Cv '91 ‡‡	99⅞	–⅛	10.03	10.06
109⅝	101⅞	Exch. 11pc 1991	102	–⅛	10.77	10.35
96⅛	91⅞	Treas. 8pc 1991	92⅛	–⅛		
116⅛	107⅝	Treas 12¾pc 1992‡‡	107⅞	–⅞	11.80	10.34
106⅛	97⅞	Treas 10pc 1992	98⅞	–⅞	10.12	10.31
99⅛	90⅞	Treas. 8pc 1992 ‡‡	91¼	–½	8.70	10.25
108⅞	99¼	Treas 10¼pc Cv 1992‡‡	100⅞xd	–½	10.45	10.35
85⅝	79½	Treas. 3pc 1992	79⅝	–⅛	3.74	8.03
115⅞	106⅛	Exch. 12¼pc '92	106⅞	–⅛	11.47	10.41
121⅛	110⅞	Exch 13½pc 1992	111½	–⅛	12.11	10.44
		Five to Fifteen Years				
107⅛	97⅞	Treas 10pc 1993‡‡	98½xd	–½	10.16	10.36
118⅛	108⅛	Treas 12½pc 1993‡‡	108⅞	–⅞	11.50	10.43
95¾	82¼	Funding 6pc 1993‡‡	87¼	–⅛	6.87	8.78
125⅛	113⅞	Treas 13¾pc 1993‡‡	114⅛	–⅞	12.05	10.49
129⅞	118⅛	Treas 14½pc 1994‡‡	118⅞	–⅞	12.20	10.44
124⅞	113⅛	Exch 13½pc 1994	113⅞xd	–⅞	11.46	10.57
107⅝	97⅞	Treas. 10pc Ln. 1994‡‡	97⅞	–⅞	9.605	10.41
120⅛	106⅞	Exch. 12½pc 1994	109⅛	–⅞	11.40	10.58
103¼	92⅞	Treas 9pc 1994‡‡	93⅞xd	–⅞	9.60	10.26
118¼	106⅛	Treas 12pc 1995	106⅞	–⅞	11.22	10.58
84¼	76	Exch 3pc Gas 90-95	78⅞xd	–⅞	3.77	6.47
109⅛	98	Exch. 10¼pc 1995	98⅞	–⅞	10.39	10.49
123⅞	111	Treas 12¾pc 1995‡‡	111⅞xd	–⅞	11.43	10.57
130⅞	117⅛	Treas. 14pc '96	117⅞	–1⅛	11.89	10.68
102⅞	92⅞	Treas. 9pc 1992-96‡‡	93¼	–⅞	9.67	10.24
139⅛	124⅞	Treas 15¼pc 1996‡‡	125¼xd	–⅞	12.18	10.67
127⅞	114⅛	Exch 13¼pc 1996‡‡	114⅞xd	–⅞	11.54	10.57
89⅛	80¼	Redemption 3pc 1986-96	82⅛	–⅞	3.62	5.44
108⅞	96¼	Conversion 10pc 1996	97⅛xd	–⅞	10.31	10.51
128⅞	115	Treas 13¼pc 1997‡‡	115⅛	–⅞	11.50	10.61
111⅞	99½	Exch 10½pc 1997	99⅞	–⅞	10.52	10.51
101⅛	90	Treas 8¾pc 1997‡‡	90⅛	–⅞	9.68	10.32
140⅛	125	Exch 15pc 1997	125⅞xd	–⅞	11.96	10.78
106⅞	95	Exch. 9¾pc 1998	95¼	–⅞	10.22	10.47
88⅞	78⅞	Treas 6¾pc 1995-98‡‡	79⅛xd	–⅞	8.54	10.01
145⅞	129⅞	Treas. 15½pc '98‡‡	130¼	–1⅛	11.90	10.72
122⅞	108⅛	Exch. 12pc 1998	108⅞xd	–1⅛	11.01	10.60

[illegible]

Over Fifteen Years

[illegible]

BRITISH FUNDS—Contd

Undated

1987 High	1987 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
45⅝	40⅛	Consols 4pc	[illegible]		[illegible]	—
40⅝	35½	War Loan 3½pc‡‡	[illegible]		[illegible]	—
51⅛	47	Conv. 3½pc '61 Aft.	[illegible]		[illegible]	—
34⅛	30⅛	Treas. 3pc '66 Aft.	[illegible]		[illegible]	—
28¼	25	Consols 2½pc	[illegible]		[illegible]	—
28¼	25	Treas. 2½pc	[illegible]		[illegible]	—

Index-Linked

1987 High	1987 Low	Stock	(b)	Price £	+ or –	(1)	(2)
132	125⅝	Treas. 2pc '88	(297.1)	[illegible]		[illegible]	—
117¼	108⅞	Do. 2pc '90	(333.9)	[illegible]		[illegible]	3.33
99⅛	93½	Do. 2pc '92‡‡	(385.8)	[illegible]		[illegible]	3.57
128⅛	119⅛	Do. 2pc '96	(267.9)	[illegible]		[illegible]	4.35
111⅝	99¼	Do 2½pc '01	(308.8)	[illegible]		[illegible]	4.64
110	96⅞	Do. 2½pc '03	(310.7)	[illegible]		[illegible]	4.63
113⅛	97⅞	Do. 2pc '06	(274.1)	[illegible]		[illegible]	4.53
108	92⅞	Do. 2½pc '09	(310.7)	[illegible]		[illegible]	4.47
113⅞	96¼	Do. 2½pc '11	(294.1)	[illegible]		[illegible]	4.41
95⅛	79⅞	Do. 2½pc '13	(351.9)	[illegible]		[illegible]	4.36
103⅛	86⅛	Do. 2½pc '16	(322.0)	[illegible]		[illegible]	4.28
101⅛	84¼	Do. 2½pc '20	(327.3)	[illegible]		[illegible]	4.17
86⅛	71⅝	Do. 2½pc '24 ‡‡	(385.3)	[illegible]		[illegible]	4.09

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, ie 8 months prior to issue. RPI for February 1987: 100.4 and for September 1987: 102.4 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1987 High	1987 Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	53	.....	3.50	f6.60
52	40	Do. 6pc 28 Stb. Ass.	52xd	.....	3	f5.77
50	45	Do 4pc Mixed Ass.	50xd	.....	2	f4.23
66	58	Hung. '24 Ass	65	.....	2.75	f4.23
146½	122⅞	Hydro Quebec 15pc 2011	128¼	–1¼	15.00	11.49
136¼	115½	Iceland 14½pc Ln 2016	119½xd	–1⅞	14.50	12.05
103½	94	Ireland 9¾pc '91-96	95¼xd	.....	9.75	11.52

AMERICANS

1987 High	1987 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
42	32¼	Abbott Laboratories‡	33¾xd	–1⅛	$1.00	—	1.8
40½	24⅝	Alcan $1	34¼	–1⅞	$1.20	—	2.1
18⅞	944p	♦Allegheny & W $0.01	992p	–8	30c	—	1.9
19⅛	8⅝	Amax $1	15⅞	–1⅛	—	—	—
30⅝	17¼	Amdahl 5c	27⅞	–½	20c	—	0.4
35⅝	25⅝	Amer. Cyanamid $5	28⅝	–1⅛	$1.90	—	4.1
25⅛	18	Amer. Express $0.60	20⅝xd	–1⅛	76c	—	2.3
12⅞	946p	Amer. Medical Int. $1	954pxd	–11	♦72c	—	4.6
22½	14½	American T. & T. $1	19½	–1⅛	$1.20	—	3.8
63	46½	Ameritech $1	58½	–¼	h$4.72	—	4.9
24⅝	15½	Amfac‡	21½	–1½	—	—	—
25	17⅞	Anheuser-Busch $1	21½xd	–⅞	$2.00	—	5.7
98p	45p	♦AridTech‡	81p	–4	—	—	—
10⅝	6⅛	BankAmerica $1⅛	7	–⅛	—	—	—
34⅝	25⅝	Bankers N.Y. $10	26¾	–⅝	$1.66	—	3.8
652p	279p	BASIX Corp.	346p	–11	12c	—	2.1
49½	36⅝	Bell Atlantic $1	46¾	–1⅛	$3.84	—	5.0
27	21	BellSouth Corp.	24⅝	–⅞	$2.04	—	5.1
11⅞	4¼	♦Bethlehem Steel $8	10⅞	–⅛	—	—	—
20½	10¼	Bio-Rad Labs. Inc. 'A'	13⅞	–¼	—	—	—
27¼	18⅞	Bowater Inc.	23⅞	–⅛	80c	—	2.1
21⅞	15⅛	Browning-Ferris 16⅔c	18¼xd	–⅞	h40c	—	1.4

[illegible]

Continued on next page

[illegible]

Money Market Bank Accounts

[illegible]

Money Market Trust Funds

[illegible]

UNIT TRUST NOTES

[illegible]

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
39	27¼	Rep NY Corps $5	31¼	−⅛	$1.16	—	2.2
18¾	13⅞	Rockwell Intl. $1	13⅜	−⅞	66c	—	2.9
30⅛	22⅞	Sara Lee $1	23⅛xd	−1⅛	$1.00	—	2.6
11⅛	8⅞	Seal (B. F.) $1	11⅛	−⅛	20c	—	1.1
27½	2¼	Southwestern Bell $1	26	−¼	h$2.32	—	5.5
22¼	14⅛	Staley Continental	17¼	−⅛	80c	—	2.8
44⅛	33⅛	Sun Co. Inc. $1	33⅛	−1⅛	$3.00	—	5.5
42⅛	28½	TRW Inc. $0.625	34	−2⅛	h$1.60	—	2.9
37⅛	25⅞	Tenneco $5	36⅛	+⅛	$3.04	—	5.1
220	149½	Do. 10pcLn.Stk. 91-5	220xd	.....	10%	—	f4.7
29⅛	17⅛	Texaco $6.25	22⅛xd	−1⅛	$3.00	—	8.3
74⅛	47⅛	Time Inc. $1	62⅛xd	+⅛	$1.00	—	1.0
19¼	11	Tracor $0.33	19xd	−⅛	40c	—	1.3
30¼	18⅞	Transamerica $1	24⅛xd	−⅞	$1.84	—	4.7
14⅛	1¼	Transworld Corp $5	10⅞	−⅛	20c	—	1.1
27¼	14⅛	TRINOVA Corp.	22¼	−¼	h$1.00	—	2.7
24⅞	15⅛	♦USX $1	21⅝	−1	$1.20	—	3.4
19⅛	15⅛	Union Carbide $1	17⅞	−⅞	$1.50	—	5.1
37⅛	26⅞	Utd. Technologies	32xd	−⅛	$1.40	—	2.7
38⅞	27	US West	35	−⅛	$3.28	—	5.7
30½	17¼	Waste Management $1	26⅛	−⅛	—	—	—
£31½	£20⅛	Whirpool $1.0	£20⅛	−1¼	—	—	—
37⅛	26	♦Woolworth $3½	28¼	−⅞	$1.32	—	2.9

CANADIANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
691p	362p	ABM Gold Corp	444p	−16	—	—	—
21½p	10p	♦Abbot Energy Corp.	18½p	−⅛	—	—	—
18⅛	506p	♦Amer. Barrick Res.	15⅛	−½	—	—	—
136p	32p	Amer. Dalsco	69¼p	+2	—	—	—
141p	25½p	American Lightwave	25½p	.....	—	—	—
122p	52p	♦Armeno	74p	−½	—	—	—
		Augmitto Explo.	96p	−2	—	—	—
19⅛	13½	Bk. Montreal	13½	.....	$2.00	—	6.8
10½	631p	Bk. Nova Scot.	657p	−1	72c	—	5.0
20⅛	17	BCE	17	−⅛	$2.40	—	6.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*£31½	804	Prudential	£28¾xd	–½	†29.0	—	3.7	—
598	453	Refuge 5p	587	–6	25.75	—	3.7	—
595	425	Royal	574	–1	†d15.9	—	3.7	—
110	93	Sattore Ins. Invs.	108	......	—	—	—	—
*345	274	Sedgwick Group 10p	285	–1	12.0	1.7	5.7	12.2
339	207	Steel Burrill J.10p	248	......	†9.0	2.0	5.1	13.5
668	495	Stewart Wr. 20p	618	......	†13.0	2.0	2.9	21.9
612	377	Sturge Hldgs 20p	508	......	†16.0	2.5	1.6	32.8
£12⅞	645	Sun Alliance	£12	–⅛	†23.5	—	2.7	—
£15	929	Sun Life 5p	£12½	–¼	†28.5	—	3.0	—
£49½	£39	♥Taisho M EDR	£52½	+2½	g010%	—	0.8	—
£22½	£14½	Torchmark $1.00	£15⅝xd	–⅛	Q$1.00	—	3.2	—
410	235	Trade Indemnity	408	......	14.3	—	1.5	—
£34	£24⅝	Travelers $1.25	£27½	–¼	$2.28	—	5.1	—
£30⅝	£22⅝	USF & G Corp $2.50	£23⅛	–¼	Q$2.48	—	6.5	—
£32⅞	£20⅞	USLIFE Corp. $1.0	£22½	–¼	Q$1.20	3.2	3.3	4.9
738	555	♥Wkd Friendly B 10p	728xd	–2	21.0	—	4.0	—
464	345	Willis Faber 12½p	389	–1	†10.75	2.4	3.8	14.8
128	41	Windsor Secs. 10p	113	......	†0.7	1.5	0.9	—

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35½	11½	♥A & M Group 10p	23½	–1	—	—	—	—
242	181	Airtours 10p	194	......	R5.4	2.5	3.9	14.1
*549	302	Anglia TV	514	......	†g11.25	3.3	3.0	14.3
308	78	Arley	293	–15	—	—	—	—
194	105	♥Aspinall Hldgs. 10p	181	......	†6.0	1.2	4.5	24.8
141	63	♥Avesco 1p	110	......	0.5	6.7	0.6	31.1
72	40	♥BCE Hldgs 5p	68½	–1½	L d1.0	♦	2.0	♦
300	132	Barr & W.A.T. 'A'	292	......	†8.0	1.4	3.8	23.8
58	44	Bond Media	48	......	—	—	—	—
235	165	Boosey & Hawkes	230	......	—	—	—	—
63	45	♥Border T.V.	44	+4	1.4	♦	3.0	♦
*439	43½	Brent Walker 10p	427	–5	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

MOTORS

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
228	130	Crown Eyeglass 5p	220	[illegible]	—	—	—	—
*62	6	Eglinton Explo. I.R.5	26	+1	—	—	—	—
41	15	Do. Warrants	17	–1	—	—	—	—
186	101	Far East Res. 10p	160	–3	—	—	—	—
110	30	Gardner (J.) 5p	106	–1	R1.25	2.3	1.6	36.7
53	29	Hoverbit Group 5p	49	......	—	—	—	41.2
133	115	Leading Leisure 5p	121	–2	0.9	3.1	1.0	35.0
90	68	Lynx Tech. 5p	87	......	b—	—	—	10.0
180	115	Medirace 10p	179	+2	—	—	—	—
98	44	♥Ovoca Gold IR0.02	91	–4	—	—	—	—
82	17	Publishing Hldgs.5p	65xr	......	—	—	—	39.1
87	45½	Theme Holdings	80	–5	1.0	1.9	1.7	42.9
210	140	UPL Group 10p	207	......	L2.41	2.8	1.6	—
140	111	Unit Group	131	–1	R4.6	2.5	4.9	(9.3)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98	......
Craig & Rose £1	763	......
Finlay Pkg. 5p	116	–1
Holt (Jos) 25p	£11½xd	......
IoM Stm. £1	353	+30
IRISH		
Fund 11¼% 1988	£100⅞	......
Nat. 9¾% 84/89	£98⅞	......
Fin. 13% 97/02	£109⅝	......
Arnotts	390	......
CPI Hldgs	94	......
Carroll Inds.	190	......
Dublin Gas	40s	......
Hall (R. & H.)	175	–20
Helton Hldgs.	72	......
Irish Ropes	185	......
Norish	345	......
Unidare	440	+10

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	19
BAT	62
BOC Grp.	50
BSR	17
BTR	36
Babcock	32
Barclays	52
Beecham	52
Blue Circle	50
Boots	30
Bowaters	50
Brit Aerospace	50
Brit. Telecom	28
Burton Ord	32
Cadburys	25
Charter Cons.	45
Comm Union	34
Courtaulds	45
FNFC	32
Gen Accident	95
GEC	22
Glaxo	200
Grand Met	50
GUS 'A'	125
Guardian	95
GKN	38
Hanson Tst.	17
Hawker Sidd	58
ICI	125
Jaguar	52
Ladbroke	45
Legal & Gen	32
Lex Service	45
Lloyds Bank	35
Lucas Inds.	75
Marks & Spencer	22
Midland Bk	45
Morgan Grenfell	55
NEI	13
Nat West Bk	65
P & O Dfd	65
Plessey	20
Polly Peck	34
Racal Elect	32
RHM	35
Rank Org Ord	70
Reed Intnl	50
STC	30
Sears	16
TI	37
TSB	12
Tesco	18
Thorn EMI	65
Trust Houses	25
T&N	26
Unilever	62
Vickers	20
Wellcome	42
Property	
Brit Land	30
Land Securities	50
MEPC	48
Peachey	40
Oils	
Brit Petroleum	32
Britoil	30
Burmah Oil	52
Charterhall	10
Premier	11
Shell	125
Tricentrol	11
Ultramar	26
Mines	
Cons Gold	125
Lonrho	28
Rio T Zinc	100

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Sep 28	Oct 8	Oct 9	Oct 19
Oct 12	Oct 22	Oct 23	Nov 2
Oct 26	Nov 5	Nov 6	Nov 16

*New time dealings may take place from 9.00 am two business days earlier.

Widespread losses in Gilt-edged and equities follow Wall Street shakeout

The UK securities markets were badly shaken yesterday by the setback on Wall Street overnight, but rallied from their lowest levels after Mr Paul Volcker, former chairman of the Federal Reserve Board, calmed the nerves of the global traders by expressing optimism about the ability of the US economy to "resist inflationary pressures". A closing loss of 21 points in the FT-SE 100 Index provided an unhappy setting for the pricing at 330p of the fixed price portion of the £7.2bn sale of British Petroleum shares.

London's equity sector had a very volatile session, which saw a fall of more than 35 FT-SE points reduced as Wall Street reversed an early setback.

But the rally in British Government bonds was more cautious, and final net losses of a full point indicated the City's nervousness over upward pressures on US interest rates.

Gilts were two points off at one time, and looked "very sick indeed" as the yield on the 20 year bond pushed upwards through the 10.25 per cent mark. However, retail selling was moderate, and both the setback and the closing rally reflected trader activity in both the cash and futures sectors.

At the close, the FT-SE 100 Index was a net 21 down at 2301.9, and the FT Ordinary Index 21.6 off at 1812.9. The setback reflected depression with Wall Street's mood rather than heavy selling pressure - losses were extended when New York opened lower and as quickly reduced when the transatlantic market turned better.

Beneath the trading excitement, the mood in equities remained relatively steady. No significant chart levels were breached, although both the FT-SE and FT All-Share indices are now close to testing points.

With sterling still very firm against the D-mark as well as the dollar, the City remained confident that UK interest rates could resist even another increase in US discount rate. "The UK market is still the safest place to be", said a leading trader at a major US bank. However, much depends on the near-term trend of Wall Street.

New York's weakness was blamed for the pricing of the BP share offer at 330p rather than at the 340p estimated by the City. A block of 7m shares in BP changed hands in London the evening before the pricing announcement.

At the announced price, the offer to private investors is considered a certain success, although a weak Wall Street could unsettle BP when the new shares commence trading a fortnight hence.

The Government bond market came under heavy pressure when the failure of long yields to hold at 10¼ per cent opened up the possibility of a new trading range. However, the prospect remained untested as prices steadied at the close.

While London appears prepared to accept another increase in US discount rate, nerves were tightening yesterday ahead of the release of the latest UK statistics on Public Sector Borrowing Requirement (PSBR), due today, on bank lending and money supply figures, due on Tuesday, and the September trade figures, due next Thursday.

Financial sectors continued to reflect the stance of the Bank of England to any moves by industrial or commercial companies to gain control of the clearing banks. The big-four fell further during early trading before staging a strong rally in mid-session. At the close Midland showed a minor rise on the day at 520p while Lloyds - where a US house was said to have been a big buyer of the shares - were a shade firmer on balance at 353p. Barclays settled 9 cheaper at 605p and NatWest were little changed at 749p.

Merchant banks were featured by Kleinwort Benson which dropped 11 to 569p ex-rights with the new finally quoted at 128p premium; the bank announced that family holders of 26 per cent of the shares did not intend to take up their rights entitlement which, the bank said, will be placed with institutional investors. Morgan Grenfell dipped 17 to 552p after the lastest bad publicity emanating from the Guinness affair.

Insurances gave ground across a broad front. Legal & General retreated 12 to 357p but London & Manchester rallied well after an uncertain start and eventually closed 8 higher at 369p amid bid speculation.

The three market newcomers all made successful debuts despite the surrounding gloom. Property development group Stanhope Properties, offered at a minimum tender price of 180p with a striking price of 250p, opened at around the 300p level and moved up to 312p. Plastic injection mouldings concern American Plastic Technology closed at 96p compared with a placing price of 61p while ISA International, a computer hardware distributor, opened at 128p and closed at 148p compared with a placing price of 80p.

Midsummer Leisure's withdrawal of the intimated offer for Boddington following opposition from major shareholder Whitbread Investment and from Britannic Assurance dealt a blow to regional Brewerers. Boddington tumbled to 174p before ending a net 23 down at 195p, and many other issues reacted sharply before rallying later. Vaux lost 10 to 582p, after 575p. Sizeable falls were also sustained by leading stocks. Whitbread "A" losing 8 to 326p to 935p and Guinness 5 to 364p.

The Building sector was bereft of features. Blue Circle, mirroring the general malaise, eased to 470p prior to closing 10 lower at 475p. RMC softened a couple of pence to 532p, as did Rugby, to 289p. Barratt Developments, a good market on Wednesday reflecting revived bid speculation, came back a penny to 245p while Taylor Woodrow shed 8 to 480p. Among second-line issues, Tay Homes gained 14 to 492p on further consideration of the excellent annual results while Persimmon put on 10 to 162p following speculative buying.

ICI gave further ground on currency influences and touched £15¾ before rallying late in the session to close virtually unchanged at £16.

GUS 'A' performed impressively and rose ¼ to £14¼ after a turnover approaching 1m shares amid speculation that the company is about to sell its mail order business to a West German company. W H Smith 'A' added 6 at 415p following a 'buy' recommendation from Citicorp Scrimgeour Vickers. Rumours that a cash alternative to the share offer from Benlox is about to be announced failed to inspire Storehouse, which dropped 5 to 393p.

The leading electronics issues were upset by the initial slide on Wall Street but usually closed above their lowest levels. British Telecom dipped 3 to 262p, weakened by US selling overnight, while GEC gave up 4 to 234p with the $450m contract with the US Navy won by the company's Marconi subsidiary already discounted, according to dealers. Cable & Wireless were 2 off at 496p despite news that the company's 80 per cent-owned Hong Kong Telephone had requested a suspension of its shares in Hong Kong pending imminent details of the reorganisation of the company. Fading hopes of a counter bid for the company left Ferranti 3 lower at 134p.

Phicom were 86p before being suspended as the company announced the proposed acquisition of US group Forma Scientific for $56m. The trebled preliminary profits gave a major boost to Britannia Security, which leapt 21 to 274p. But interim profits from Farnell were well below market forecasts and the latter's shares dropped 18 to 215p. BICC were notably weak and dropped 20 to 407p on a turnover of 2.6m shares on rumours that a leading house has downgraded its profit forecasts.

Most leading Foods lost ground but Dee Corporation put on 6 to 224p on vague rumours of a possible bid from Hillsdown Holdings. The latter, too, were firm and closed 3 higher at 355p. Elsewhere, Bejam shed 4 to 244p following preliminary profits much in line with market estimates, but Albert Fisher added 4 to 231p helped by a proposed one-for-two scrip issue which accompanied the annual results. Fitch Lovell dipped 10 to 360p following adverse Press comment.

International stocks rallied to end above the worst as Wall Street staged a recovery from initial weakness early yesterday. Glaxo were a lively market (some 9.4m shares changed hands) and closed a shade easier on the day at £14⅝. Wellcome, still unsettled by fears of possible competition for its anti-Aids drug Retrovir, drifted back a few pence more to 475p in a small volume of business. Elsewhere, Reuters weakened afresh to 771p, down 14, amid continuing worries about growth prospects. Reed International failed to benefit from the proposed acquisition of Billington and Wright, publishers of the north London-based independent group of free newspapers, closing 5-cheaper at 594p. Bumper interim figures prompted a rise of 8 to 371p in Nu Swift Industries, but J. Billam dipped 15 to 193p in the wake of the half-yearly loss. Siebe improved 8 more to 471p helped by a buy recommendation from Scrimgeour Vickers.

Bunzl is set to expand its US industrial plastics interests via the acquisition of Alliance Plastics, the second largest manufacturer of plastic caps and plugs for the automotive and general engineering industries there, for $9.35m. The shares, after moving against the trend on Wednesday, were affected by the general weakness yesterday and closed 5 down at 252p. Persistent offerings found the market in BPCC unwilling and the price fell 14 to 344p but Sterling Publishing responded to an acquisition announcement, rising 8 to 156p. The latter intends to purchase Cornhill Publishing, proposing a vendor share placing and an open offer to shareholders to finance the deal. Elsewhere, Portsmouth and Sunderland rose 7 to 290p following a circular from CIBC Securities and FKB gained 10 more to 413p. Transatlantic and currency influences upset Saatchi & Saatchi which dipped 18 to 560p.

Leading Properties finished well above the day's lowest levels. Land Securities, down to 567p initially, picked up late to close only 10 cheaper on balance at 570p and MEPC settled 7 off at 540p, after 537p. British Land remained dull throughout and finished 10 down at 319p while Slough Estates gave up 7 at 288p. Dealings in New Cavendish were suspended at the company's request with the price at 240p, up 80, pending an announcement.

Ocean Transport, boosted lately by Ron Brierly bid hopes, encountered profit-taking and reacted 15 to 373p. Mersey Docks and Harbour, drifted back 12 more to 383p awaiting fresh moves from Peel Holdings which recently had tentative bid discussions with the company.

Textiles were inclined easier with Kingsley and Forester easing a couple of pence to 78p following the preliminary figures.

In common with the other international stocks, Bat Industries gave ground and closed 13 lower at 666p.

Interest among miscellaneous financials continued to focus on M & G. Renewed demand forced the shares up 12 more to 461p for a five-day surge of 67 since speculation developed of stake-building exercises. Smith New Court, which have also flown high recently, came back to to 355p prior to settling with little change on balance at 363p.

Oil and gas issues continued to give ground in relatively quiet trading, with sentiment slightly disturbed by the recent performance of BP. But some of second-liners attracted good support, led by the Wytch Farm participants.

Traded option activity increased sharply. Calls amounted to 40,181 and puts 25,546, making a total of 65,727. The FTSE contract attracted 4,078 calls and 3,885 puts. Marks and Spencer were particularly active, registering 6,553 calls, but only 84 puts. BP attracted 2,436 calls and 1,451 puts, while Glaxo registered 2,173 calls and 1,777 puts. British Gas puts totalled 4,813.

Traditional Options

- First dealings Oct 5
- Last dealings Oct 16
- Last declarations Jan 7
- For Settlement Jan 18

For rate indications see end of London Share Service

Stocks dealt in for the call included Noble and Lund, Elswick, Control Securities, TSB, Eagle Trust, Ossory Estates, Polly Peck, Camford, Hammerson, London Securities, Greenwich Resources, Dares Estates, Rothmans, H.P. Bulmer, Tarmac, Charterhall, Oliver Prospecting, B. Priest, Norfolk Capital, and William Low. A put was arranged in J. England, while double options were transacted in Polly Peck, Hammerson and TSE.

FINANCIAL TIMES STOCK INDICES

	Oct. 15	Oct. 14	Oct. 13	Oct. 12	Oct. 9	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	84.90	85.65	85.78	85.63	85.49	82.77	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.50	91.67	92.27	92.24	92.20	89.03	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1812.9	1834.7	1847.4	1835.2	1858.2	1277.6	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	436.3	438.2	447.6	452.3	449.5	306.3	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.32	3.28	3.26	3.27	3.17	4.37				
Earnings Yld.%(full)	8.15	8.06	8.00	8.02	7.78	10.04				
P/E Ratio (net) (*)	15.01	15.17	15.28	15.24	15.72	12.21				
SEAQ Bargains (5 pm)	34,797	35,468	37,493	38,499	52,356	—				
Equity Turnover (£m)	—	1735.08	4133.29	1267.34	1515.90	619.59				
Equity Bargains	—	43,062	44,576	53,280	56,071	54,137				
Shares Traded (ml)	—	673.2	522.7	541.2	610.7	318.2				

S.E. ACTIVITY

Indices	Oct. 14	Oct. 13
Gilt Edged Bargains	116.1	106.2
Equity Bargains	279.0	288.8
Equity Value	3507.0	8354.5
5-Day Average		
Gilt Edged Bargains	108.1	105.1
Equity Bargains	321.7	317.3
Equity Value	4230.3	4181.9

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1813.5	1819.4	1816.5	1818.4	1815.0	1811.9	1806.8	1809.0

Day's High 1820.8 Day's Low 1802.3. Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 15.67 * Nil=14.81.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (65)

CANADIANS (1), BUILDINGS (4), CHEMICALS (1), STORES (1), ELECTRICALS (3), ENGINEERING (6), FOODS (1), INDUSTRIALS (17), INSURANCE (2), LEISURE (1), NEWSPAPERS (1), PAPERS (9), PROPERTY (4), TEXTILES (1), TRUSTS (12), OVERSEAS TRADERS (1).

NEW LOWS (83)

BRITISH FUNDS (48), INT. BANK & O'SEAS GOVT. STLG. ISSUES (8), LOANS (1), AMERICANS (7), CANADIANS (3), BANKS (3), CHEMICALS (1), STORES (1), ENGINEERING (1), MOTORS (1), NEWSPAPERS (1), TRUSTS (48), OILS (1), MINES (3).

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	3,800	196	−1	Jaguar	6,100	581	−4
Allied Lyons	6,000	428	−7	Ladbroke	950	450	−13
Amstrad	6,500	168	—	Land Securities	2,000	570	−10
Argyll Group	2,300	218	−7	Legal & Gen.	804	357	−12
Assoc. Brit. Foods	871	359	+3	Lloyds Bank	2,200	363	+11
BAA	6,600	151	+1	LASMO	559	360	+3
BAT	5,200	666	−13	Lonrho	2,300	349	−4
BET	1,500	301	−5	Lucas	1,000	765	−5
BICC	2,600	407	−20	MEPC	1,300	540	−7
BOC	1,700	533	−5	Marks & Spencer	6,000	252	+1
BPB Inds	581	335	−3	Midland Bank	3,800	520	+2
BPCC	2,400	344	−14	Natwest Bank	861	749	−1
BTR	2,264	359	+3	Next	3,600	357	+4
Barclays	4,700	605	−9	Pearson	748	£10⅛	—
Bass	680	950	−8	P & O	1,200	688	−12
Beecham	1,500	545	−12	Pilkington Bros	5,000	307	−3
Blue Arrow	3,200	169	+1	Plessey	2,300	217	−2
Blue Circle	2,000	475	−10	Prudential	435	£10¾	−0¼
Boots	3,600	298	−1	Racal	2,800	331	−3½
Brit. Airways	1,600	219	−2	Rank Org.	243	719	−15
Brit. Aero	1,800	532	−7	RHM	605	360	−4
Brit. & Comm.	726	515	−9	Reckitt & Col	231	£10½	—
British Gas	8,300	167½	−2½	Redland	587	524	−3
Britoil	2,700	315	—	Reed Intl.	1,400	594	−5
BP	11,000	349	−2	Reuters	5,300	771	−14
Brit. Telecom	6,200	262	−3	RTZ	1,200	£13⅛	−0⅞
Bunzl	965	252	−5	Rolls-Royce	2,400	206½	−1½
Burton	1,900	300½	+1½	Rothmans Intl	1,000	494	+5
Cable & Wire	3,500	496	−2	Rowntree	1,950	552	−3
Cadbury Schwps	3,000	279	−7	Ryl Bank Scotland	813	420	−2
Coats Viyella	928	408	−7	Royal Insurance	2,500	574	−1
Comm. Union	3,000	453	−3½	STC	6,400	309	−5
Cons. Gold	1,500	£14⅛	—	Sainsbury	1,600	260	−6
Cookson	817	787	−7	Scott & Newcastle	1,200	260	—
Courtaulds	1,600	512	+1	Sears	2,800	171½	+2½
Dee Corpn	7,200	224	+6	Sedgwick	4,600	286	−1
Dixons Group	1,100	392	−1	Shell Trans	3,000	£13⅛	−0¼
English China Clays	2,100	562	−7	Smith & Nephew	1,800	181	−5
Fisons	2,600	363	−8	Standard Chart.	349	792	−3
Gen. Accident	260	£11⅞	−0⅞	Storehouse	6,600	393	−5
Gen. Elect.	4,000	234	−4	Sun Alliance	196	£12	−0⅛
Glaxo	9,400	£14⅝	—	TSB	5,800	147	−3
Globe Investment	1,500	188	−1½	Tarmac	2,700	310	+3
Granada	296	363	−1	Tesco	914	188	−1
Grand Met	2,000	572	−9	Thorn EMI	3,050	723	−2
GUS "A"	1,000	£14¼	+0¼	Trafalgar House	2,200	432	+3
Guardian R.E.	268	£10¾	−0⅛	T'house Forte	6,400	281	−10
GKN	878	407	−5	Ultramar	1,200	303	+1
Guinness	2,400	364	−5	Unilever	2,200	598	−14
Hammerson	288	670	+5	United Biscuits	906	328	−4
Hanson Trust	8,200	174½	−3½	Wellcome	2,800	475	−5
Hawker Sidd	956	584	−10	Whitbread "A"	600	326	−8
Hillsdown Hldgs	5,900	355	+3	Woolworth	1,400	375	+5
ICI	3,500	£16	+0⅛				

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	110	2
Corporations, Dominion and Foreign Bonds	1	20	34
Industrials	238	742	601
Financial and Properties	68	297	262
Oils	20	56	38
Plantations	2	2	10
Mines	28	88	78
Others	23	181	58
Totals	380	1,496	1,083

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thu Oct 15 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Wed Oct 14 Index No.	Tue Oct 13 Index No.	Mon Oct 12 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (214)	1004.29	−0.8	6.96	2.80	18.32	18.17	1011.81	1014.19	1087.23	661.10
2	Building Materials (30)	1234.60	−0.7	7.52	2.94	16.58	22.79	1242.87	1252.93	1242.36	769.11
3	Contracting, Construction (33)	1867.74	−0.9	6.68	2.67	20.01	29.46	1885.08	1886.51	1879.96	1109.43
4	Electricals (14)	2539.16	−2.3	6.84	3.42	18.61	54.41	2598.51	2596.31	2594.50	1746.71
5	Electronics (34)	2153.94	−1.3	7.48	2.34	17.43	34.90	2182.11	2201.54	2169.19	1442.81
6	Mechanical Engineering (60)	542.37	−0.4	6.74	2.96	18.65	10.90	544.57	543.88	541.15	366.94
8	Metals and Metal Forming (7)	588.39	−1.1	6.82	2.77	17.81	9.11	595.10	591.89	592.22	333.29
9	Motors (14)	406.04	−0.8	7.17	2.77	16.33	5.86	409.50	411.42	408.41	268.26
10	Other Industrial Materials (22)	1716.72	+0.1	6.07	3.02	19.58	36.48	1715.18	1704.31	1701.68	1228.91
21	CONSUMER GROUP (185)	1334.43	−0.8	6.19	2.63	20.55	18.23	1344.97	1355.10	1349.26	919.48
22	Brewers and Distillers (22)	1208.38	−1.4	8.38	3.05	15.03	17.52	1225.46	1233.26	1213.40	921.57
25	Food Manufacturing (23)	1024.57	−1.0	7.19	3.03	17.95	16.66	1035.00	1031.52	1029.05	705.90
26	Food Retailing (16)	2438.43	−0.9	6.04	2.42	22.06	39.17	2459.42	2507.83	2497.24	1892.11
27	Health and Household Products (10)	2328.95	−0.9	4.82	1.90	23.97	16.41	2351.21	2395.21	2433.87	1503.84
29	Leisure (30)	1479.29	−1.5	5.02	3.06	23.05	28.12	1502.29	1504.79	1473.71	899.94
31	Packaging & Paper (16)	711.03	−0.9	5.81	2.50	22.66	10.96	717.32	710.25	704.81	467.27
32	Publishing & Printing (15)	4900.95	−1.5	4.13	2.89	31.03	67.36	4977.25	5019.70	5004.00	2519.46
34	Stores (35)	1131.26	+0.6	6.24	2.60	21.69	15.23	1124.01	1130.60	1121.56	855.40
35	Textiles (16)	894.16	−0.8	7.05	2.58	16.38	12.45	900.95	905.02	896.08	526.73
40	OTHER GROUPS (85)	1158.37	−0.9	7.51	3.06	16.53	20.69	1168.55	1179.67	1175.29	773.84
41	Agencies (17)	1630.27	−1.1	3.34	1.39	34.15	15.86	1648.33	1690.70	1730.58	0.0
42	Chemicals (21)	1512.48	.....	6.52	3.04	18.76	32.85	1512.59	1530.88	1518.07	994.94
43	Conglomerates (13)	1513.62	−1.2	6.79	3.09	16.84	22.14	1531.62	1536.89	1529.91	0.0
45	Shipping and Transport (11)	2356.32	−1.0	7.19	3.49	18.26	51.44	2380.98	2403.84	2392.25	1517.94
47	Telephone Networks (2)	1057.35	−1.0	9.32	3.72	14.30	18.98	1097.84	1109.29	1104.55	756.95
48	Miscellaneous (22)	1711.67	−1.3	8.84	2.76	13.48	32.87	1733.41	1739.42	1722.46	1074.17
49	INDUSTRIAL GROUP (483)	1217.95	−0.8	6.76	2.80	18.63	19.44	1227.76	1236.01	1230.05	823.08
51	Oil & Gas (17)	2155.23	−1.0	7.95	4.54	15.52	65.73	2178.61	2213.14	2210.53	1356.76
59	500 SHARE INDEX (500)	1297.32	−0.8	6.92	3.04	18.13	23.43	1302.65	1319.10	1313.42	868.33
61	FINANCIAL GROUP (119)	871.19	−0.8	—	3.52	—	19.58	821.14	896.67	890.56	598.23
62	Banks (8)	859.56	−0.2	15.52	4.53	8.52	25.98	861.17	878.94	873.46	662.23
65	Insurance (Life) (9)	1223.90	−1.8	—	3.64	—	31.49	1246.48	1274.46	1270.74	812.91
66	Insurance (Composite) (7)	690.77	−0.7	—	3.99	—	15.97	695.46	707.58	692.85	464.79
67	Insurance (Brokers) (8)	1250.22	+0.1	9.03	4.66	14.18	38.19	1228.58	1255.56	1262.62	1259.18
68	Merchant Banks (12)	535.76	−1.2	—	2.48	—	8.69	540.18	546.45	547.59	329.77
69	Property (48)	1309.76	−1.2	3.69	2.27	35.00	15.03	1325.72	1351.33	1340.72	767.84
70	Other Financial (27)	598.33	−0.6	5.33	2.64	21.91	10.24	602.05	603.19	602.54	349.59
71	Investment Trusts (88)	1195.28	−0.3	—	2.05	—	14.44	1198.45	1199.99	1192.95	804.29
81	Mining Finance (2)	672.59	−1.4	6.76	2.60	16.67	10.41	682.11	691.99	691.99	337.30
91	Overseas Traders (10)	1339.02	−0.5	6.98	3.64	15.96	29.58	1345.34	1364.12	1356.87	707.17
99	ALL-SHARE INDEX (719)	1189.92	−0.8	—	3.03	—	22.01	1199.58	1210.87	1205.17	794.51

	Index No.	Day's Change	Day's High	Day's Low	Oct 14	Oct 13	Oct 12	Oct 9	Oct 8	Year ago
FT-SE 100 SHARE INDEX ♦	2301.9	−21.6	2302.6	2287.0	2322.9	2350.2	2330.5	2336.5	2375.5	1685.0

FIXED INTEREST

	PRICE INDICES	Thu Oct 15	Day's change %	Wed Oct 14	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	119.92	−0.20	120.15	—	9.43
2	5-15 years	132.52	−0.02	132.62	—	11.47
3	Over 15 years	138.55	−0.96	140.79	0.88	12.82
4	Irredeemables	154.41	−1.34	156.50	—	8.81
5	All stocks	130.36	−0.65	131.35	0.14	10.93
	Index-Linked					
6	5 years	119.52	−0.27	119.84	—	2.18
7	Over 5 years	106.51	−1.15	107.73	—	2.39
8	All stocks	107.44	−1.05	108.57	—	2.82
9	Debentures & Loans	114.35	−0.09	114.46	—	8.07
10	Preference	82.82	−0.07	82.88	—	4.95

	AVERAGE GROSS REDEMPTION YIELDS		Thu Oct 15	Wed Oct 14	Year ago (approx.)
	British Government				
1	Low	5 years	9.73	9.63	9.72
2	Coupons	15 years	10.06	9.92	10.33
3		25 years	9.57	9.76	10.34
4	Medium	5 years	10.47	10.33	11.19
5	Coupons	15 years	10.31	10.17	10.71
6		25 years	10.06	9.94	10.34
7	High	5 years	10.52	10.40	11.28
8	Coupons	15 years	10.48	10.34	10.92
9		25 years	10.12	10.00	10.45
10	Irredeemables†		10.09	9.95	10.09
	Index-Linked				
11	Inflation rate 5%	5yrs	3.73	3.63	4.33
12	Inflation rate 5%	Over 5 yrs	4.41	4.34	3.76
13	Inflation rate 10%	5 yrs	3.82	3.72	3.05
14	Inflation rate 10%	Over 5 yrs	4.44	4.36	3.61
15	Debs &	5 years	11.81	11.83	11.02
16	Loans	15 years	11.55	11.54	11.52
17		25 years	11.36	11.33	11.52
18	Preference†		11.00	10.99	11.43

♦Opening index 2295.2; 10 am 2305.2; 11 am 2303.7; Noon 2307.9; 1 pm 2302.6; 2 pm 2299.3; 3 pm 2292.6; 3.30 pm 2289.4; 4 pm 2298.0

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*434)	390	45	55	67	2	5	12
	420	17	33	48	2½	16	25
	460	1	15	27	30	40	43
Brit. Airways (*220)	200	22	34	44	1	9	11
	220	4	20	33	5	17	21
	240	1	12	21	22	30	36
Brit. & Comm. (*525)	460	67	85	92	2	6	9
	500	27	55	70	3	12	20
	550	1½	28	45	28	37	47
B.P. (*352)	330	23	40	48	1	9	14
	360	3	12	30	10	21	28
	390	1	10	20	39½	44	49
Bass (*956)	900	63	90	125	3	20	32
	950	17	63	98	12	43	58
	1000	3	42	70	50	75	88
Cons. Gold (*1420)	1400	38	135	180	10	75	110
	1450	8	115	160	45	105	140
	1500	2	95	135	90	140	170
Courtaulds (*511)	460	54	66	88	0½	7	13
	500	17	43	62	4	22	30
	550	2	20	38	40	56	62
Com. Union (*452)	360	93	103	110	1	3	4
	390	63	78	86	1	4	8
	420	33	54	64	1	9	16
	460	5	32	41	12	24	35
Cable & Wire (*495)	460	36	63	85	1	12	25
	500	5	38	65	11	28	40
	550	0½	20	40	58	63	74
British Gas (*168)	165	5	14	—	1½	8	—
	180	0½	8	14	13	17	19
	200	0¼	3½	7½	33	33	34
G.E.C. (*233)	220	14	26	34	1	8	13
	240	2	17	25	9½	17	22
	260	1	10	17	28	32	30
G.K.N. (*406)	360	48	65	73	0½	7	12
	390	18	41	52	1½	15	23
	420	2½	26	37	16	29	37
Grand Met. (*564)	500	65	83	93	0½	6	13
	550	17	47	58	2	23	33
	600	1	20	32	40	50	60
I.C.I. (*1586)	1550	45	112	135	9½	42	65
	1600	10	83	108	33	63	88
	1650	4	60	85	75	90	113
Jaguar (*577)	500	78	98	108	0½	7	14
	550	28	63	75	1	20	30
	600	3	33	48	23	43	52
Land Securities (*570)	550	24	50	67	3	22	30
	600	4	23	40	32	45	53
	650	1	13	22	82	87	90
Marks & Spen. (*252)	220	33	38	48	1	3	7
	240	13	25	35	1	11	15
	260	2	16	24	9	21	25
Britoil (*314)	300	15	36	48	1½	17	25
	330	1	23	33	17	31	41
	360	1	11	21	47	51	59
Rolls-Royce (*206)	195	12	21	29	0½	7	10
	205	3	16	23	2	11	17
	215	1	11	—	10	18	—
Shell Trans. (*1311)	1300	23	958	123	10	52	70
	1350	7	70	105	40	78	90
	1400	1	52	770	90	108	122
	1450	1	35	58	140	145	162
Storehouse (*390)	390	7	33	47	6	30	35
	420	1½	23	35	34	43	55
	460	0½	13	23	74	77	80
Trafalgar House (*424)	390	35	45	58	1	12	18
	420	7	24	38	4	23	33
	460	2	8	20	40	50	55
TSB (*147)	130	18	23	25	0½	1½	3
	140	8	15	19	0¼	5	8
	150	2	11	14	5	10	14
Woolworth (*370)	360	—	—	52	—	—	24
	375	9	33	—	13	27	—
	390	—	—	37	—	—	40

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero (*530)	500	45	67	78	7	20	32
	550	14	40	50	30	42	53
	600	5	22	—	70	75	—
BAA (*150)	130	23	29	32	1	4	7
	140	14	20	26	3	8	11
	160	3½	10	15	13	18	21
BAT Inds (*662)	650	33	58	73	16	32	42
	700	11	35	48	48	57	68
	750	3	20	30	90	95	102
Brit. Telecom (*260)	240	25	—	—	2	—	—
	260	11	22	32	9	17	20
	280	4	14	22	25	30	33
Cadbury Schweppes (*280)	280	12	25	31	9	17	20
	300	4	15	22	24	27	31
Guinness (*362)	330	38	53	58	2	6	10
	360	14	27	38	9	18	23
	390	4	13	22	30	33	38
Ladbroke (*446)	427	30	—	—	6	—	—
	444	20	40	45	13	23	33
	483	4	20	27	42	48	55

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
LASMO (*357)	330	35	55	68	7	16	24
	360	15	38	50	17	25	35
	390	6	25	36	39	47	54
Plessey (*216)	200	22	31	36	3	9	13
	220	9	20	26	11	18	25
	240	3	12	—	27	31	—
Prudential (*1073)	1050	60	972	112	17	40	57
	1100	25	67	902	42	60	77
	1150	13	50	67	80	90	107
P. & O. (*636)	650	—	—	88	—	—	30
	688	—	—	60	—	—	50
	700	—	—	60	—	—	50
Racal (*329)	300	35	52	62	3	13	17
	330	17	32	44	14	24	29
	360	6	20	31	36	44	47
R.T.Z. (*1320)	1300	75	150	195	50	75	100
	1350	53	135	170	75	110	135
	1400	40	115	150	115	140	165
Vaal Reefs (*$131)	120	15	19	—	3	6½	—
	130	10	15½	20	7½	11	14
	140	6½	13	16½	13½	16	19
Tr. 11¾% 1991 (*103)	102	[illegible]	[illegible]	—	[illegible]	[illegible]	—
	104	[illegible]	[illegible]	—	[illegible]	[illegible]	—
	106	[illegible]	[illegible]	—	[illegible]	[illegible]	—
	108	[illegible]	[illegible]	—	[illegible]	5	—
Tr. 12% 1995 (*107)	108	—	—	1½	—	—	[illegible]
	110	—	—	[illegible]	—	—	[illegible]
Tr.11¾%03/07 (*111)	110	[illegible]	3	[illegible]	[illegible]	[illegible]	[illegible]
	112	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	114	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	116	[illegible]	[illegible]	[illegible]	6	[illegible]	[illegible]

Option		Calls Dec	Calls Mar	Calls June	Puts Dec	Puts Mar	Puts June
Amstrad (*167)	160	18	29	34	7	14	18
	180	10	18	25	21	28	30
	200	4	11	19	35	40	44
Barclays (*615)	550	72	920	110	3	15	17
	600	38	60	77	22	30	35
	650	18	32	50	50	60	65
Beecham (*554)	500	54	77	—	8	14	—
	550	23	48	60	26	32	38
	600	9	25	38	62	65	68
Boots (*297)	280	25	38	45	7	12	14
	300	15	27	34	18	22	27
	330	7	14	23	37	40	43
BTR (*358)	330	40	53	58	5	10	15
	360	20	35	42	16	22	27
	390	9	20	29	35	37	40
Blue Circle (*472)	460	—	58	67	—	25	33
	475	25	—	—	23	—	—
	500	20	40	47	43	50	58
De Beers (*$1710)	1200	520	—	—	15	—	—
	1300	420	—	—	50	—	—
	1400	325	—	—	—	—	—
Dixons (*389)	360	42	56	68	8	14	17
	390	25	40	50	20	26	30
	420	11	24	34	36	42	44
Glaxo (*1414)	1400	82	135	175	60	85	90
	1450	58	107	145	92	110	120
	1500	40	87	125	125	140	145
	1550	27	70	100	160	170	175
	1600	18	35	83	205	205	200
Hanson (*174)	140	38½	—	—	0½	—	—
	160	20½	23½	—	2	4½	—
	180	7	12	16½	9	13½	15
	200	2	5	9	26	27½	28
Lonrho (*349)	300	54	62	69	2	6	8
	330	33	40	51	10	14	18
	360	14	23	33	21	27	32
Midland Bk (*518)	500	—	—	77	—	—	28
	522	30	—	—	18	—	—
	550	15	35	50	40	52	62
Sears (*171)	140	33	38	—	1	2	—
	160	16	23	27	4	8	10
	180	4½	13	17	11	14	18
Tesco (*187)	180	—	—	33	—	—	13
	183	13	25	—	7½	9	—
	200	5	16	22	16	19	22
	220	1½	8	14	36	37	38
Trusthouse Forte (*278)	240	44	48	56	1½	4	8
	260	27	33	42	6	9	12
	280	15	22	32	13	19	21
Thorn EMI (*722)	650	90	108	135	6	15	22
	700	55	77	105	18	30	40
	750	27	55	74	45	50	65
Unilever (*599)	600	32	52	64	25	35	43
	650	15	32	43	60	67	77
	700	5	16	25	105	110	115
Wellcome (*472)	460	42	68	83	25	40	47
	500	25	48	65	45	59	67
	550	14	28	45	85	90	95
	600	7	20	32	132	133	135

Option		Calls Oct.	Calls Nov.	Calls Dec.	Calls Jan.	Puts Oct.	Puts Nov.	Puts Dec.	Puts Jan.
FT-SE Index (*2290)	2150	150	165	—	—	2	12	—	—
	2200	105	128	152	—	7	22	32	—
	2250	65	95	118	—	17	38	50	—
	2300	35	65	90	115	40	60	68	80
	2350	15	45	67	95	70	90	97	108
	2400	6	28	48	70	113	125	130	138
	2450	1½	15	32	50	163	168	170	175

October 15. Total Contracts 65,727. Calls 40,181. Puts 25,546. FT-SE Index Calls 4,078. Puts 3,885
*Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§130	F.P.	20/11	170	151	Alba 10p	151	−2	L3.8	2.2	3.4	15.4
221	F.P.	—	265	221	Alexander (W)	261	−2	4.25	2.9	2.2	21.4
§61	F.P.	—	96	64	‡Amer Plast. Inc. $0.01	96	.....	R025c	4.6	1.6	13.5
175	F.P.	6/11	240	215	Anglo Leasing 10p	235	.....	L2.5	1.9	1.5	17.0
**	F.P.	23-10	27	21	Atlantic Assets Wrnts	26	.....				
§105	F.P.	—	160	110	‡Banner Homes 10p	143	−5	R2.6	2.9	2.5	18.8
§100	F.P.	—	182	148	Butte Mining 10p	171	+19				
70.3	F.P.	—	73	72	CDFC Trust 10p	72	.....	—	—	—	—
50	F.P.	9/9	111	58	‡Corp. Estates Prop.5p	106	−4	L0.75	2.4	1.0	57.9
§106	F.P.	—	160	135	‡Dolphin Pack 5p	145	−3	L2.0	3.5	1.0	57.9
10	F.P.	11/12	14¼	10	EFM Dragon Trust 5p	14	.....				
‖‖	F.P.	—	268	253	English & Caledonian Inv.	268	.....				
32	F.P.	30/10	50	32	‡Explaura 5p	49½	−½	—	—	—	—
**	F.P.	—	67	60	First Spanish I. T. Wrnts.	60	.....				
100	F.P.	23/10	107	96	G.T. Venture 50p.●	97	+1	—	—	—	—
**	F.P.	23/10	23	22	Independent Inv. Wrnts.	22	.....				
§80	F.P.	—	148	128	ISA Intl. 5p	148	.....	—	—	1.1	31.4
§115	F.P.	—	128	121	‡Marcol 5p	122	−1	L2.3	2.1	2.6	25.8
257	F.P.	—	98	55	Moorgate Inv. Warr.	87					
§100	F.P.	—	108	103	New Guernsey Securities	108	.....				
§110	F.P.	4/8	370	185	‡Parkway 5p	365	−5	R1.5	4.2	0.6	57.6
§10.58	F.P.	—	$21¼	$15	Portugal Fund $0.01	$18	.....				
¶¶	F.P.	—	128	105	*Seacon Holdings	115	.....	—	—	—	17.5
130	F.P.	—	253	180	Security Archives 20p	243	−7	R4.0	2.0	2.2	30.6
250	F.P.	—	313	301	‡Stanhope Prop	312	.....				
§87	F.P.	—	98	86	‡URS Intl. $0.01	91	+1	R4.75	1.9	2.9	18.2
§60	F.P.	—	93	82	‡WSP Hldgs. 5p	82	−1	R1.4	3.0	2.3	19.6
‖‖	F.P.	—	166	143	Zetters Leisure 10p	166	.....	L1.5	3.7	1.2	30.1

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
100	F.P.	—	110p	105p	AGB Research 6.21 Cnv. Prf.	110p	.....
100	Nil	20/11	6½pm	4pm	Allied Lond. Props 5¾% Cv.Rd.Pf.	4pm	−½
100	F.P.	—	101p	98½p	Brit. & Comm. 4¾pc Cm Red Prf	99p	−½
100	F.P.	—	102	97½	CDFC Trust 6¼pc Cv 2010	102	.....
100p	F.P.	—	102p	97p	Chesterfield Props 5¾pc Cr. Cm. Prf.	101½p	.....
100	£10	—	11¼	10¼	Chester Wtr Wks 11¾pc Rd Db '98-2000	11	.....
¶¶	F.P.	—	145p	130p	Merlin Intl. Com. Red. Cnv. Prf.	133p	−2
§100	F.P.	—	111	106	Morrison (Wm) 5¼pc Cm Rd Pf	111	.....
—	F.P.	—	100⅛	99⅞	N'wide Anglia 10⅞ pc 12.9.88	99⅞	.....
—	F.P.	—	100⅛	99⅞	Do. 10⅛ pc.26.9.88	99¾	.....
‖	F.P.	—	109½pm	104½pm	Next 5¾% Cnv. 2003	105½	−¼
100p	F.P.	—	113p	110p	‡Randsworth Tst. 7% Cum. Cnv. Red. Prf.	110p	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
300	Nil	—	208pm	158pm	Arley	193pm	−15
6	Nil	19/11	6pm	5pm	Ass. Brit. Eng 1p	5pm	.....
200	Nil	12/11	36pm	17pm	Bowthorpe 10p	27pm	−4
159	Nil	—	14pm	2pm	Cowie (T.) 5p	8pm	−1
75	Nil	14/10	21pm	9pm	Forward Technology	15pm	−1
138	Nil	18/11	48pm	35pm	Harris (P) 20p	38pm	.....
310	Nil	—	43pm	36pm	Heywood Williams	36pm	−2
265	Nil	—	34pm	33pm	‡Hunter Saphire	34pm	.....
40	Nil	27/11	8½pm	3½pm	Hyman 5p	5½pm	−1
450	Nil	—	131pm	128pm	Kleinwort Benson, L	128pm	.....
370	Nil	—	81pm	64pm	Ladbrook 10p	72pm	.....
145	Nil	—	14pm	11pm	Martin (A.) 20p	11pm	−3
425	Nil	16/10	255pm	125pm	‡Miller & Santhouse 5p	245pm	.....
45	Nil	—	18pm	11pm	‡New England Props. 5p	11pm	−21
210	Nil	18/11	28pm	23pm	Optical & Medical 5p	23pm	−3
200	Nil	—	167pm	40p	‡Pacific Sales 10p	167pm	+10
80	Nil	—	460pm	340pm	Press Tools	450pm	−5
55	Nil	—	11pm	6½pm	Publishing Hldgs 5p	10pm	−1
136	Nil	—	48pm	46pm	‡Quarto	46pm	.....
390	Nil	18/11	84pm	30pm	Siebe	80pm	+6
400	Nil	—	86pm	80pm	Stertchley	80pm	−3
248	Nil	—	25pm	22pm	‡Tod 5p	22pm	−1
150	Nil	—	40pm	25pm	‡Tribble Harris	37pm	+1
300	Nil	11/11	41pm	18pm	‡UTC	20pm	.....
270	Nil	—	33pm	28pm	Wace Group 20p	33pm	.....
115	Nil	—	30pm	22pm	Warringtons	28pm	−2
40	Nil	—	73pm	70pm	‡Williams (Rex) 5p	70pm	−2

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. q Earnings based on preliminary figures. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures. ‡ Indicated dividends: cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement. ‡ Placing and offer for sale price. * Third Market. †Issued in £2 Units comprising 2 Ord Shares & 1 Warrant. (Exercisable at 50p into 1 Ord.) ●With warrants

WORLD STOCK MARKETS

AUSTRIA

October 15	Price Sch%	+ or −
Creditanstalt	2,230	−20
Goesser	3,790	−30
Interunfall	12,850	−25
Jungbunzlauer	8,090	−10
Laenderbank	404	−6
Perlmooser	725	−5
Steyr Daimler	121	—
Veitscher Mag	849	−1

BELGIUM/LUXEMBOURG

October 15	Price Frs.	+ or −
B.B.L.	2,925	−85
Banque Gen. Du L.	14,600	—
Banq Int. A	14,200	—
Bekaert B	10,100	−425
Ciment CBR	6,150	−170
Cockerill	160	−3
Cobepa	8,750	−250
Delhaize	4,650	−190
EBES	4,600	−55
Fabrique Nat	1,280	−20
GB Inno BM	1,230	−34
GBL (Brux)L	3,850	−100
Generale Bank	5,800	−200
Gevaert	7,980	−120
Hoboken	7,900	−10
Intercom	3,540	−150
Kredietbank	4,150	−160
Pan Holdings	13,500	−100
Petrofina	12,200	−300
Retinquin Tvlp	2,490	−15
Royale Belge	6,030	−30
Soc Gen Belge	3,515	−45
Sofina	15,600	−525
Solvay	13,950	−325
Stanwick Intl	560	—
Tractebel	7,100	−310
UCB	9,850	+25
Wagons Lits	5,350	−150

DENMARK

October 15	Price Kr %	+ or −
Baltica Hldg	1060.00	−20
Cop Handelsbank	251.00	−4
D. Sukkerfab	320.00	+1
Den Danske Bank	334.00	−2
East Asiatic	222.00	+5
Forenede Brygg	985.00	+5
GNT Holding	276.00	+10
I.S.S.B. Systems	875.00	−15
Jyske Bank	480.00	−5
Novo Ind	398.00	−9
Privatbanken	250.00	−2
Sophus Berendsen	1090.00	+40
Superfos	249.00	—

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

October 15	Price Dm.	+ or −
AEG	313.5	−5.5
Allianz AG	1,570 xr	—
BASF	328.1	−8.4
Bayer	356.7	−9.5
Bayer-Hypo	475	−11
Bayer-Vereln	448	−14
BHF-Bank	458	−12
BMW	711	−14
Brown Boveri	332.5	−9.5
Commerzbank	281.5	−8.5
Cont'l Gummi	320.1	−2.9
Daimler-Benz	1,023	−22
Degussa	468	−12.5
D'sche Babcock	229	−9.8
Deutsche Bank	645	−23
Dresdner Bank	334	−13.2
Feldmuehle Nobel	318	−6
Henkel	566	−12
Hochtief	636	−11
Hoechst	318.3	−7.9
Hoesch Werke	127.5	−3
Holzmann (P)	599	−5
Horten	235	−4
Hussel	626	−18
Karstadt	581.5	−13
Kaufhof	524.5	−12.5
KHD	186.2	−5.8
Kloeckner Werke	134	−4
Linde	752	−13
Lufthansa	177.5	−3.5
MAN	191	−6
Mannesmann	178.1	−3.9
Mercedes Hld	885	−22
Metallgesell	397.5	−2.5
Muench Rueck	1,870	−50
Nixdorf	814	−10
Porsche	905	−30
Preussag	196.8	−1.2
Rhein West Elect	231	−12
Rosenthal	284	−4
Schering	599	−13
Siemens	635.5	−15.5
Thyssen	136.7	−3.7
Varta	356.5	−6.7
Veba	304	−7.5
V.E.W.	167.5	−2.5
Verein-West	437	−7
Volkswagen	366.5	−8.1

ITALY

October 15	Price Lire	+ or −
Banca Com'le	3,270	+20
Bastogi-IRBS	397	—
CIR	5,185	—
Credito Italiano	2,090	+5
Fiat	12,100	+30
Generali Assicur	109,525	+1,500
Italcementi	120,700	+2,600
[illegible]	[illegible]	[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (Continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (Continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

Closing prices October 15

[illegible]

Total Sales 9,127,585 shares

MONTREAL

Closing prices October 15

[illegible]

Indices

NEW YORK-DOW JONES

	Oct 15	Oct 14	Oct 13	Oct 12	Oct 9	Oct 8	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Industrials	2,355.09	2,412.70	2,508.16	2,471.44	2,482.21	2,516.64	2722.42 (25/8/87)	1927.31 (2/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Transport	980.24	1,011.59	1,033.46	1,030.43	1,036.88	1,038.46	1101.16 (14/8)	816.38 (2/1)	1101.16 (14/8)	12.32 (8/7/32)
Utilities	198.60	198.49	200.57	195.41	196.06	197.61	227.83 (22/1/87)	191.39 (28/5)	227.83 (8/4/87)	10.5 (8/4/32)
Trading vol	—	3,375.9m	173,385m	141,480m	159,256m	159,874m	—	—	—	—

	Oct 10	Oct 2	Sept 25	Year Ago (Approx)
Ind Div Yield %	2.78	2.61	2.68	3.82

STANDARD AND POORS

	Oct 15	Oct 14	Oct 13	Oct 12	Oct 9	Oct 8	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Industrials	343.56	354.49	364.50	359.21	361.36	365.46	393.17 (25/8)	274.58 (2/1/87)	393.17 (25/8)	3.62 (21/6/32)
Composite	298.07	305.23	314.52	309.39	311.07	314.16	336.77 (25/8)	246.45 (2/1/87)	336.77 (25/8)	4.40 (1/6/32)

	Oct 7	Sept 30	Sept 23	Year Ago (Approx)
Ind div yield %	2.78	2.31	2.32	3.08
Ind. P/E Ratio	22.10	23.20	22.17	16.89
Long Gov Bond Yield	9.81	8.16	9.78	8.06

N.Y.S.E. ALL COMMON

Oct 15	Oct 14	Oct 13	Oct 12	1987 High	1987 Low
167.45	171.26	176.82	173.52	187.99 (25/8)	141.01 (21/1)

RISES AND FALLS

	Oct 14	Oct 13	Oct 12
Issues traded	1,997	1,976	1,948
Rises	273	958	366
Falls	1,395	622	1,209
Unchanged	329	396	373

TORONTO	Oct 15	Oct 14	Oct 13	Oct 12	1987 High	1987 Low
Metals & Minls	3,384.5	3,375.9	3,370.8	(c)	3,587.5 (5/10/87)	1,988.2 (2/1/86)
Composite	3,674.8	3,718.5	3,759.9	(c)	4,112.9 (13/8)	3,087.8 (2/1/86)
MONTREAL Portfolio	1,804.38	1,831.38	1,858.71	(c)	1,234.58 (12/12)	1,934.3 (2/1/85)

* Indicates pre-close figure

	Oct. 15	Oct. 14	Oct. 13	Oct. 12	1987 High	1987 Low
AUSTRALIA						
All Ord (1/1/80)	2146.4	2305.9	2167.3	2185.0	2305.9 (21/9)	1486.7 (2/2)
Metals & Minerals (1/1/80)	1303.9	1462.4	1325.1	1345.8	1462.4 (14/10)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	223.75	225.95	225.89	226.95	232.19 (22/9)	182.21 (19/6)
BELGIUM						
Brussels SE (1/1/84)	4859.40	4972.90	4418.50	4994.40	5412.20 (13/8)	3987.86 (9/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	212.30	212.30	212.98	219.76 (27/8)	189.64 (6/1)
FINLAND						
Unitas General (1975)	679.1	676.7	677.4	676.8	679.1 (15/10)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	366.1	387.4	388.5	402.9	460.4 (26/3)	366.1 (15/10)
Ind Tendance (31/12/86)	94.7	99.0	101.2	102.1	117.2 (26/3)	94.7 (15/10)
GERMANY						
FAZ Aktien (31/12/58)	621.64	633.52	631.39	624.45	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	1902.60	1946.90	1937.20	1912.40	2061.10 (17/8)	1633.80 (19/3)
HONG KONG						
Hang Seng Bank (31/7/64)	3695.53	3844.48	3695.53	3900.17	3949.73 (1/10)	2448.88 (20/1)
ITALY						
Banca Com. Ital (1972)	665.47	658.86	661.71	659.77	767.34 (30/4)	588.83 (15/9)
JAPAN**						
Nikkei (16/5/49)	24866.06	26646.43	24866.06	26284.65	26646.43 (14/10)	18544.00 (13/1)
Tokyo SE New (4/1/68)	2158.61	2039.80	2039.80	2156.17	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP CBS Gen (1970)	290.3	301.9	302.7	303.0	334.1 (14/8)	257.7 (28/1)
ANP CBS Indust. (1970)	243.1	(u)	253.7	255.2	280.8 (11/8)	243.1 (15/10)
NORWAY						
Oslo SE (4/1/83)	577.48	575.16	575.85	577.41	592.04 (21/9)	361.98 (2/1)
SINGAPORE						
Straits Times (30/12/66)	1426.10	1430.70	1434.90	1445.70	1505.40 (26/8)	889.08 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(u)	2282.0	2279.0	2284.0	2499.0 (3/8)	1786.0 (19/3)
JSE Indust (28/9/78)	(u)	2257.0	2257.0	2254.0	2257.0 (30/9)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	310.22	316.13	321.19	(c)	325.44 (6/10)	202.89 (8/5)
SWEDEN						
Jacobson & P. (31/12/56)	3200.70	3242.00	3206.50	3250.40	3550.40 (9/10)	211.39 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	712.1	722.1	717.0	709.2	729.7 (5/10)	559.7 (25/2)
WORLD						
M.S.Capital Intl. (1/1/70)	(u)	486.5	486.5	484.1	495.9 (27/8)	361.3 (2/1)

** Saturday October 10 Japan Nikkei (c). TSE (c)

Base values of all indices are 100 except Brussels SE − 1,000 JSE Gold − 255.7 JSE Industrials − 264.3 and Australia, All Ordinary and Metals − 500; NYSE All Common − 50; Standard and Poor's − 10; and Toronto Composite and Metals − 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed.(u) Unavailable.

NEW YORK ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
US West Inc	7,667,100	58¼	−½
Tenneco	3,039,500	60⅛	+1⅛
IBM	2,922,100	145¼	−3½
AT&T	2,757,100	32¼	−1⅝
Gen Elec	2,350,900	56	−3⅝
Exxon	2,290,900	47⅛	−2
Ford Motor	2,128,500	91	−4⅞
Deere	2,111,200	41	+1⅞
Glaxo Hldgs	1,977,400	22¾	−1½
Mobil	1,880,000	44½	−2

LONDON — Most Active Stocks
Thursday, October 15, 1987

	Stocks Traded	Closing Price	Change on Day
BP	11.0m	349	−2
Glaxo	9.4m	£16¾	uch
Brit Gas	8.3m	187½	−2½
Hanson Tr	8.2m	174½	−3½
Dee Corp.	7.2m	224	+6
Storehouse	6.6m	393	−5
Amstrad	6.5m	198	uch
T'house Forte	6.4m	281	−10
STC	6.4m	309	−5
Brit Telecom	6.2m	262	−3

TOKYO — Most Active Stocks
Thursday, October 15, 1987

	Stocks Traded	Closing Prices	Change on Day
Nippon Stl	71.35m	445	−3
Mitsubishi Heavy Ind.	26.38m	785	−16
Kawasaki Stl	24.52m	338	−8
Toshiba	11.91m	887	−33
Oji Paper	18.77m	1,240	−10
Furukawa Elec	17.57m	496	−9
Toppan Prntg	17.42m	1,890	+18
Hitachi Ltd.	16.87m	1,488	−80
Keisei Elec Rlwy	16.46m	1,190	+38
Tokyo Gas	14.60m	1,060	−40

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:		
Brit. Secs	274	+21
FKB Gr.	413	+10
M & G Gr.	461	+12
Persimmon	162	+10
Tay Homes	492	+14

FALLS:		
Treas. 2½pc 2024	£71⅛	−1⁵⁄₃₂
BAT Inds	666	−13
BICC	407	−20
Brit. Land	319	−10
BPCC	344	−14
Farn. Elect.	215	−18
Lnd Secs.	570	−10
Lgl & Gen	357	−12
Mersey Dck Units	383	−12
Morg. Gren	552	−17
Ocean Trans.	373	−15
Reuters B	771	−14
Saat. & Saat.	560	−18

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 47

[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock		Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
38½	22	AAR	s	.50	1.5	21	400	34¼	33¾	34⅛	−⅛
32½	17½	AFG	s	.16	.6	9	1147	28⅜	27⅝	27⅞	−2
27	9	AGS	s			20	547	22⅛	21¼	21⅞	−¼
10½	6¾	AMCA					12	9⅝	9⅝	9⅝	
9⅝	5⅛	AM	Intl			64	793	7	6⅞	7	
65½	50½	AMR				11	7788	51½	d50¼	50¼	−1
27½	24⅞	ANR	pf 2.67		11.		3	25⅛	25⅛	25⅛	−⅜
12¼	8½	ARX	s			11	485	11	10⅛	10¾	+½
73½	34⅜	ASA		2a	3.2		1024	64	62¼	63½	+1
22⅞	9¾	AVX				36	717	19⅛	18⅛	18⅛	−1⅛
67	41¼	AbtLab		1	1.8	21	7878	55⅝	54½	54⅞	−⅝
28	23¼	Abitibi g					122	25½	25¼	25¼	
16¾	9¼	AcmeC		.40	2.8	15	81	14½	14⅛	14½	
19½	8⅛	AcmeE		.32b	3.6	55	223	9	8⅞	8⅞	−¼
23⅞	19	AdaEx		3.30e	15.		240	21½	21⅛	21½	
19½	10	AdmMl	s	.24	1.9	10	122	12¾	12⅝	12¾	
35	13½	AdvSys				22	2079	33¾	33¼	33⅜	−⅛
24⅞	13⅛	AMD					14292	19⅞	18¾	19	−1
56¾	47	AMD	pf	3	6.0		57	51	50	50	−1½
11⅞	5¼	Adobe					307	8⅝	8⅝	8⅝	+⅛
20½	14¾	Adob	pf 1.84		9.6		12	19¼	19¼	19¼	+⅛

Continued on Page 47

NYSE COMPOSITE CLOSING PRICES

Continued from Page 46

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
31½	21⅞	XTRA	.64	2.4	22	385	27	26	27	−½
28¾	26⅝	XTRA pf1.94		7.1		104	27⅝	27¼	27¼	−¼
33⅞	16⅛	YorkIn			12	336	31⅛	30	30	−1⅞
7¼	2¼	Zapata				885	4⅝	4½	4½	−⅛
37	20¾	Zayre	.40	1.4	10	5780	29⅝	28¼	28⅝	−1⅝
16⅞	11⅛	Zemex	.40	2.6	10	29	15⅝	15⅛	15¼	−¼
33⅛	16⅞	ZenithE			99	1075	25¼	24⅝	24⅝	−⅞
13½	6¼	ZenLab				885	6⅞	6⅝	6⅝	−¼
26½	18¾	ZenNtl	.80	4.0	12	880	20¼	19¾	20	
20⅝	13	Zero	.36	2.0	18	87	18⅛	17¾	18⅛	−⅛
30¾	18⅝	Zurnln s	.68	2.8	18	568	24⅝	23¾	24	−⅝
10⅝	8¼	Zweig	.55e	6.5		1110	10⅛	10	10	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

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FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Wave of selling sends Dow sharply lower

WALL STREET

A WAVE of last-minute selling, both by computers and by disillusioned institutional investors, sent Wall Street into a nosedive for the second day running, *writes Roderick Oram in New York*. The day ended with one of the worst half hour selling sprees in Wall Street's history, as the Dow Jones industrial average plunged more than 50 points in roughly 20 minutes.

The Dow closed down 57.61 points at 2,355.09, after showing small gains for most of the afternoon. Trading volume, at 265.148m shares was the fourth heaviest on record, as bulls and bears wrestled throughout most of the day to give the market direction.

An increase in the prime rate by Chemical Bank, followed by unsettling comments about the dollar and US-German economic relations from Mr James Baker, the US Treasury Secretary, also kept bears in the ascendant in the bond market.

Bonds continued to fall from the opening, building on their steep losses triggered the previous day by a big US trade deficit. However, earlier than usual overnight repurchases were seen as a signal that the Fed would not raise its discount rate soon. By late afternoon the benchmark 8.75 per cent Treasury bond recovered to a loss of ½ of a point at 87⁷⁄₁₆ to yield 10.219 per cent.

Shares fell across the board in the last half hour, despite a period of positive trading around mid-day. Trading was extremely heavy from the opening amid signs institutional investrors were beginning to sell. A near record volume of shares was changing hands from the first hour of the New York Stock Exchange session.

Among blue chips reporting increased third quarter profits, Coca-Cola fell $⅞ to $43⅛ and Philip Morris fell $4⅞ to $105⅝.

A number of drug stocks turned in sharply higher profits with a mixed effect on their stock prices. Merck lost $1 to $190¼, Upjohn fell $1¼ to $37⅞ and Warner Lambert lost $¾ to $79¾.

Two Bell regional telephone companies continued their trend of better earnings. Ameritech rose $¾ to $98½ and Pacific Telesis added $½ to $32⅝. At&T fell $⅛ to $32¼. It announced another reorganisation of its computer division which is a key element of its strategy since the spinning off of the regional telephone companies.

The computer sector fell, despite strong earnings reports from Digital Equipment, down $8 to $177¾, and Apple down $1⅛ to $52. Control Data, up $¼ to $35, announced a new line of low-priced supercomputers.

Higher profits failed to lift a number of stocks. PPG Industries was off $1⅛ to $42¼ despite, in addition, a dividend increase to 30 cents a share from 27 cents.

Credit markets opened with further sharp falls in bond prices which added almost two more points to the 2½ point drop on Wednesday. The slide was reversed when it supplied reserves to the banking system earlier in the day than usual.

The markets seized on this as a sign the Fed was not intending to boost its discount rate from 6% soon, as previously expected. This would mean that bonds had been oversold in recent days by an anxious market.

"This was intervention with a message," said Mr James Winder, an economist with Merrill Lynch. The Fed is showing it is satisfied with its current monetary policy and therefore it "doesn't want to lead the way to higher interest rates. They don't want to tighten further."

Some analysts doubted the interpretation, believing that at most the Fed was only making overnight repurchases to make money available for Treasury securities payments due yesterday. The Fed was only trying to signal that it is aware that technical factors are putting upward pressure on the Fed funds rate which was trading at 7⅝ per cent when the Fed announced the repurchases.

CANADA

FALLING oils, mines and industrials depressed Toronto prices despite stronger gold shares.

Leading gold, Lac Minerals, was unchanged at C$15. It said on Wednesday it had received a court ruling allowing it to continue operating the Page-Williams gold mine in northern Ontario until early December. International Corona, which was recently given control of the mine by the Ontario Court of Appeal, firmed C$⅛ to C$69⅝.

Energies were broadly lower, but banks made ground. Montreal and Vancouver both fell.

SOUTH AFRICA

GOLD SHARES were mixed in dull Johannesburg trading as the bullion price was little changed.

Randfontein managed a R1 rise to R436 and Winkels added R3 to R98. Driefontein climbed 75 cents to R94.50 and Vaal Reefs R1 to R443. Doornfontein, though, shed 50 cents to R51.50. In mining financials, Gold Fields of South Africa surged R3.50 to a fresh high for the year of R99.

Platinums were unchanged, with Rustenburg at R59.25. Diamond share De Beers gained 25 cents to R57.50.

Industrials were mixed.

Brussels sinks as Martens resigns

THE BELGIAN stock market fell sharply yesterday on news that Prime Minister Wilfried Martens had tendered his resignation to the King. Share prices tumbled on average 2 to 3 per cent during the session, though analysts pointed out that the setback on Wall Street which affected other European Bourses was also a significant factor. "At least we did better than Paris," one said.

Investor sentiment in the next few days is likely to be influenced by whether or not King Baudouin accepts Mr Martens' not wholly unexpected request. If he does, there will certainly be a lengthy period of uncertainty, probably fresh elections, and the possibility of a new coalition less committed (ideologically at least) to the present policies of budget cuts and fiscal reform.

The stock market has been in a nervous mood since the summer holidays, when prices peaked around 30 per cent (income reinvested) above their level at the beginning of the year. Foreign investors had been buying heavily, helping to push up prices, but the drift since early September – in the order of 10 per cent overall – has stemmed from a feeling that the earlier enthusiasm had been overdone.

Yesterday's falls were across the board in active trading, with the Brussels stock index down 113 points at 4,859 by the close. Petrofina, the major oil exploration group was BFr300 lower at BFr12,200, whilst another favourite with international investors the chemical concern Solvay fell from BFr14,775 to BFr13,950.

Société Générale de Belgique, the country's biggest industrial and commercial holding company which was the subject of levered bid speculation earlier this year, was down from BFr3,580 to BFr3,515

The utilities sector, notably Intercom, was hit harder than most, but industrials such as Glaverbel and Raffinerie Tirlemontoise escaped more lightly.

Most sympathy, however, should be reserved for Tractabel, the energy and telecommunications group which chose yesterday to unveil the details of its forthcoming rights issue. The company's share price plunged BFr300 to BFr7,100,

Tim Dickson

EUROPE

Paris battered by host of poor economic signals

THE LONG shadow of Wall Street cast gloom over Europe yesterday as markets reeled after Wednesday's biggest one-day fall in New York.

Paris slumped in active, nervous trading as a spate of weak economic indicators sent stocks sharply lower. The CAC index lost 21.3, or 4.34 per cent, to 366.1.

The downward spiral began with the announcement of a 0.1 per cent rise in France's provisional consumer price index for September. This was followed by the release of a FFr2.2bn adjusted foreign trade deficit for September, compared to FFr1.1bn in August. Wall Street's plunge also knocked the badly shaken market.

The wave of selling affected bank issues, which have been sagging since the start of the week. Via Banque dropped FFr55 to FFr341 and UFB fell FFr47 to FFr415. Paribas eased FFr14.50 to FFr405.50, slipping below its FFr405 issue price for the first time since the bank's successful privatisation in February.

Among blue-chip industrial issues, Peugeot fell FFr93 to FFr1,335 and Michelin followed with a FFr19 downturn to FFr271. Thomson-CSF figured among weak electronics issues with a FFr40 retreat to FFr1,110.

Frankfurt tumbled in reaction to Wall Street's record overnight decline. Many blue chips lost as much as 2 per cent and a few stocks dropped by up to 4 per cent.

The Commerzbank index lost 44.3 to 1,902.6 as the sell-off hit all sectors.

Financial shares were struck down by the plunge in New York and by continuing fears of higher interest rates in the wake of plans to introduce a 10 per cent withholding tax.

Deutsche sank to DM645, down DM23, Dresdner dropped DM13.20 to DM334 and Commerzbank was down DM8.50 at DM281.50.

Chemicals fared little better, with Bayer plunging DM9.50 to DM356.7, BASF losing DM8.40 to DM328.10 and Hoechst falling DM7.90 to DM318.30.

Linotype was quoted on its first day of official trading at DM520 against its DM500 offer price.

Bonds fell, and the Bundesbank bought DM125.6m worth of public paper after selling DM76.4m on Wednesday. The average yield rose to 6.73 per cent, the highest level since October 1985.

Amsterdam tumbled across the board as the market came under pressure from Wall Street's plunge a day earlier, the soft dollar and fears for higher interest rates.

The ANP-CBS general index fell below the 300-threshold, dropping 11.6 to 290.3 in moderate trade.

Dollar-sensitive blue-chips swung erratically as professionals squared positions before Friday's expiry date for contracts on the European Options exchange.

Zurich displayed some resistance to the steep fall on Wall Street and although bonds were paying higher interest, investors still showed willingness to buy shares. The Crédit Suisse index lost 6.1 to 632.3 in moderate volume.

Among generally lower banks, Union bank shed SFr60 to SFr4,920 and Crédit Suisse was down SFr40 to SFr3,425.

In the financial sector, Adia was SFr75 lower at SFr12,825 and Ascom gave up SFr100 to SFr8,900.

Helsinki climbed to a second consecutive record, buoyed by continuing domestic optimism. The Unitas all-share index added 2.4 to 679.1 on moderate turnover.

Stockholm which was already jittery, declined in the wake of Wall Street. Shares lost an average of SKr2, but Volvo dropped SKr8 to SKr417 after recent rises.

Forestry issue MoDo managed to remain steady at SKr570 but other forestry issues slipped.

Oslo was led downwards by shares of firms traded in New York and the all-share index dropped 1.82 points to 431.37 on a technical correction.

Norsk Data A shares lost NKr7 to NKr232, Norsk Hydro shed NKr5.5 to NKr253 and Saga Petroleum tumbled NKr5.5 to NKr155.

Milan stood apart from other European bourses and rose in active trading. The Milan Stock Index (MIB) advanced 4 to 923 as insurers, paper products and utilities gained ground.

Madrid dropped as operators continued to take profits for the fourth day running within a recent technical correction. The general index closed 5.91 lower at 310.22.

LONDON

UK SECURITIES markets were badly shaken by the setback on Wall Street overnight. Losses were extended when New York opened lower but were quickly reduced when the transatlantic market turned better.

At the close, the FT-SE 100 Index was a net 21 down at 2301.9, and the FT Ordinary Index lost 21.8 to 1,812.9.

Bonds came under heavy pressure when long yields failed to hold at 10¼ per cent. However, prices steadied towards the close.

Details, Page 44

ASIA

Exporters lead sell-off as yen's rise adds to woes

TOKYO

WALL STREET's overnight plunge, the tightening of margin trading controls and the yen's rise against the dollar sparked a wave of selling in Tokyo yesterday and drove share prices sharply lower, *writes Shigeo Nishiwaki of Jiji Press*.

The Nikkei average of 225 issues shed 218.21 to 26,428.22 and volume shrank to 952.89m shares from Wednesday's 1,401.81m. Declines led advances by 635 to 309, with 114 issues unchanged.

On Wednesday, the Dow Jones industrial average suffered its biggest single-day loss following the announcement of a larger-than-expected August trade deficit.

The Tokyo market opened lower almost across the board. At midmorning, dealers placed buy orders for large-capital stocks and high-technology issues, helping the market recoup some early losses.

In afternoon trading, the yen's surge to Y141 to the dollar triggered another wave of selling which centred on export-oriented electricals and other high-technology stocks.

NEC lost Y110 to Y2,450, Matsushita Electric Industrial declined Y80 to Y2,660 and Sony fell Y220 to Y5,300. Precision instruments and motors fared poorly, with Toyota Motor shedding Y60 to Y2,260, Fuji Photo Film Y170 to Y4,550 and Canon down Y80 to Y1,260.

Recently selected heavy electricals also lost ground. Toshiba fell Y33 to Y807 and Hitachi ended Y80 lower at Y1,480.

Large-capital stocks, which had led the recent advance, also declined. Nippon Steel was again the most active stock with 71.35m shares changing hands. It closed Y3 lower at Y445. Mitsubishi Heavy Industries, the second most-active stock with 26.38m shares traded, lost Y16 to Y705, while Kawasaki Steel, third with 24.52m shares, closed Y8 lower at Y338.

Power and gas utilities turned down. Tokyo Electric Power shed Y150 to Y6,730 and Tokyo Gas was off Y40 at Y1,080.

Small-lot selling pulled down chemical and pharmaceutical issues. Mitsui Toatsu Chemicals and Takeda Chemical ended Y15 and Y40 lower at Y760 and Y3,380, respectively.

Shiseido suffered a maximum allowable single-day loss of Y400 to Y1,950 after reports that the leading cosmetics manufacturer had revised its recurring profit estimate for the business year ending in November from Y33.6bn to Y16.5bn.

The bond market moved nervously as investors were divided over the course of interest rates at home and abroad.

The yield on the benchmark 5.1 per cent Government bond, due in June 1996, opened at 5.950 per cent compared with 5.935 per cent at Wednesday's close. The yield then hovered around 6 per cent before closing at 6.035 per cent.

On the Osaka Stock Exchange (OSE) prices plunged as export-oriented stocks came under heavy selling pressure.

The 250-issue OSE stock average closed 195.15 points lower at 27,043.16, on an estimated volume of 132.51m shares, a decrease of 138.81m shares from the previous day.

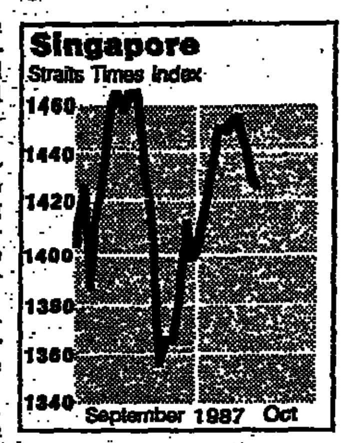
AUSTRALIA

UNSETTLED BY New York's heavy selling, Sydney share prices ignored the tonic of firmer precious metal prices and tumbled in thin trade. The All Ordinaries index closed 38.7 down at 2,146.4.

Resources issue BHP led the retreat with a 25 cent fall to A$10.15, while Bell Resources weakened a further 8 cents to A$5.10. CRA lost 20 cents to A$10.45 and Western Mining 18 cents to A$8.02.

Golds took no comfort from firmer bullion prices and Emperor lost 50 cents to A$8, while Giant was 40 cents off at A$3.20 and Sons of Gwalia 30 cents down at A$11.50.

News Corp gave up 60 cents to A$22.50. It meets today. Publisher John Fairfax dipped 20 cents to A$8.30 and brewer Elders IXL 12 cents to A$5.48.



SINGAPORE

CONTINUING their trendless run, Singapore share prices edged lower in dull trade with scattered late buying helping some quality stocks to close off their lows. The Straits Times industrial average fell 4.61 to 1,426.17.

Many investors remained sidelined in advance of the Malaysian budget on October 23 and Singapore's third-quarter GDP figures, to be released shortly.

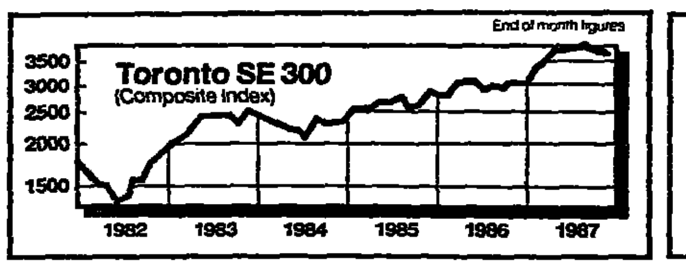
Some blue chips found support and Cycle and Carriage added 2 cents to S$4.10, while Haw Par added 5 cents to S$6.85. OCBC and Shangri-La both added 10 cents to S$10.10 and S$6.85, respectively.

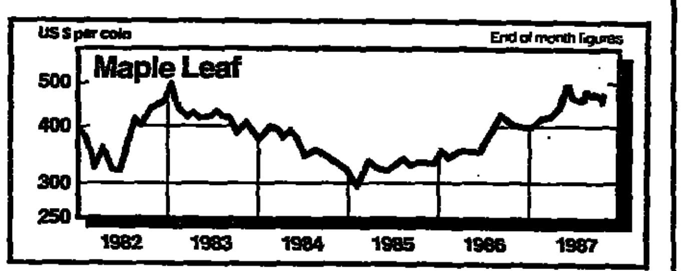
HONG KONG

LATE profit-taking depressed Hong Kong share prices despite a sharp rebound by Hongkong Land on renewed takeover speculation. The Hang Seng index closed down 15.84 at 3,828.69.

Investors turned bullish about HK Land early in the week as talk spread of Japanese interest in the group, though bearish talk followed that the group planned a rights issue. However, takeover speculation intensified on Thursday taking its stock 80 cents up to a high for the year of HK$10.80.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Oct 15	Prev	Year ago
NEW YORK			
DJ Industrials	2,355.09	2,412.70	1,831.20
DJ Transport	980.24	1,011.59	836.13
DJ Utilities	196.60	198.49	201.06
S&P Comp.		307.90	238.80
LONDON FT			
Ord	1,812.90	1,834.70	1,277.60
SE 100	2,301.90	2,322.90	1,607.5
A All-share	1,189.92	1,199.58	734.51
A 500	1,297.82	1,308.65	868.33
Gold mines	436.30	438.20	306.30
A Long gilt	10.12	10.00	10.45
World Act. Ind (Oct 14)	136.20	136.85	96.30
TOKYO			
Nikkei	26,428.22	26,646.43	16,970.10
Tokyo SE	2,158.61	2,181.47	1,425.40
AUSTRALIA			
All Ord.	2,146.4	2,305.9	1,347.80
Metals & Mins.	1,303.9	1,462.4	706.5
AUSTRIA			
Credit Aktien	223.75	225.95	230.25
BELGIUM SE			
SE	4,859.40	4,972.90	3,728.99
CANADA			
Toronto			
Met.& Mins.	3,304.5	3,375.9	2,141.10
Composite	3,674.9	3,719.5	3,017.30
Montreal			
Portfolio	1,804.38	1,831.30	1,530.33
DENMARK SE			
SE	(n/a)	213.37	(u)
FRANCE			
CAC Gen	366.10	387.40	393.70
Ind. Tendance	94.70	99.00	91.82
WEST GERMANY			
FAZ-Aktien	621.64	633.52	665.29
Commerzbank	(—)	1,946.90	1,989.40
HONG KONG Hang Seng	3,828.64	3,844.48	2,289.65
ITALY Banca Comm.	(—)	658.86	753.77
NETHERLANDS ANP CBS			
Gen	290.30	301.90	274.5
Ind	243.10	(—)	275.5
NORWAY Oslo SE	577.48	576.16	369.82
SINGAPORE Straits Times	1,426.10	1,430.70	893.66
SOUTH AFRICA JSE			
Golds	–	2,278.00	1,910.00
Industrials	–	2,257.00	1,368.00
SPAIN Madrid SE	310.22	316.13	199.08
SWEDEN J & P	3,200.70	3,242.00	2,494.18
SWITZERLAND Swiss Bank Ind	712.10	722.10	682.20

COMMODITIES (London)

	Oct 15	Prev
Silver (spot fixing)	489.80p	468.05p
Copper (cash)	£1,216.50	£1,212.00
Coffee (Jan)	£1,365.00	£1,381.00
Oil (Brent Blend)	$18.75	$18.755

GOLD ($/oz)

	Oct 15	Prev
London	$465.00	$460.50
Zürich	$465.75	$460.45
Paris (fixing)	$460.99	$461.41
Luxembourg	$462.05	$459.35
New York	$467.80	$465.80

CURRENCIES (London)

	US DOLLAR Oct 15	US DOLLAR Previous	STERLING Oct 15	STERLING Previous
$	–	–	1.6845	1.6536
DM	1.8005	1.8120	3.00	2.995
Yen	142.10	142.65	236.5	235.75
FFr	6.01	6.035	10.25	9.98
SFr	142.10	1.5020	2.48	2.4825
Fl	2.0260	2.0380	3.3725	3.37
Lira	1,301	1,308.5	2,165.5	2,160
BFr	37.55	37.70	62.50	62.35
C$	1.3005	1.3060	2.1675	2.1595

INTEREST RATES

	Oct 15	Prev
Euro-currencies (3-month offered rate)		
£	10⅝	10⅞
SFr	4⁷⁄₁₆	4⁵⁄₁₆
DM	5⅛	4⅞
FFr	9½	8¹⁵⁄₁₆
FT London Interbank fixing (offered rate)		
3-month US$	9⅛	9⅜
6-month US$	9⁷⁄₁₆	8¹⁵⁄₁₆
US Fed Funds	7¹¹⁄₁₆*	7⅜
US 3-month CDs	n/a	8.775
US 3-month T-bills	7.055*	7.44

FINANCIAL FUTURES

Oct 14	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	78-03	78-31	76-27	78-21
US Treasury Bills (IMM) $1m points of 100%				
Dec	91.56	92.08	91.67	92.11
Certificates of Deposit (IMM) $1m points of 100%				
Dec	—	—	—	—
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	90.46	90.60	90.17	90.73
20-year Notional Gilt £50,000 32nds of 100%				
Dec	112-24	113-19	112-03	113-27

US BONDS

Treasury

	October 15 Price	October 15 Yield	Prev Price	Prev Yield
8⅜ 1989	98²⁹⁄₃₂	9.189	98³¹⁄₃₂	9.118
9⅛ 1994	97¹⁵⁄₃₂	10.043	97²³⁄₃₂	9.98
8½ 1997	90⁹⁄₃₂	10.178	90²⁵⁄₃₂	10.118
8⅜ 2017	87²⁹⁄₃₂	10.181	88¹⁵⁄₃₂	10.089

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	October 15 Return Index	Day's change	Yield	Day's change
1–30	163.17	+0.23	8.93	−0.03
1–10	154.83	+0.12	8.66	−0.03
1– 3	144.03	+0.07	8.37	−0.03
3– 5	157.57	+0.17	8.71	−0.03
15–30	193.58	+0.59	7.78	−0.03

Source: Merrill Lynch

Corporate

	October 15 Price	October 15 Yield	Prev Price	Prev Yield
AT & T 3⅞ July 1990	83.25	8.41	90.50	7.85
SCBT South Central 10⅞ Jan 1993	101.00	10.63	101.00	10.63
Phibro Sal 8 April 1996	83.50	11.05	83.72	11.00
TRW 8⅜ March 1996	88.25	10.92	88.625	10.86
Arco 9⅜ March 2016	89.00	11.16	89.50	11.10
General Motors 8⅜ April 2016	74.00	11.18	74.30	11.10
Citicorp 9⅜ March 2016	81.50	11.62	81.50	11.60

Source: Salomon Brothers

* Latest available figures